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REPORT

OF

THE AUDITOR-GENERAL

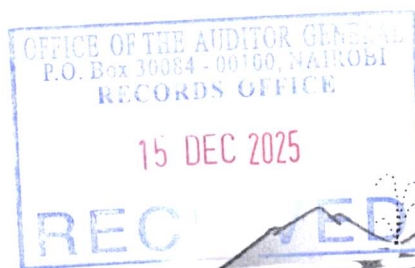
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GITHUNGURI WATER AND SANITATION
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

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GITHUNGURI WATER & SANITATION COMPANY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
WRA	Water Resources Authority
AWWDA	Athi Water Works Development Agency

2. Key Entity Information

Background information

Githunguri Water & Sanitation Company Limited was incorporated under the Companies Act (Cap. 486) on 24th April 2007 and was appointed by Athi Water Services Board (a state corporation) as an agent for the provision of efficient and effective water and sanitation services within Githunguri district & Lower Lari. After the new constitution 2010 the company become an agent of County Government of Kiambu to carry on business of water and sanitation within Githunguri Sub county, its environs and such other areas duly assigned and to manage the assets handed over to the company by the Athi Water Services Board and “its successor and assignee” To carry on business of delivery of water and sanitation services of the standards prescribed under the relevant National and County Government laws, regulations, and guidelines. To manage the assets handed over to the Company by the Athi Water Works development Agency, the County Government of Kiambu and or any other County or National Government agency within the policy and legal framework, including agreements and handing over instruments dictating the use, disposal and or such other manner of handling the said assets and at all times, to ensure that interest of the National and County Government and or their agencies and the beneficiary community are upheld. The Company is 100% owned by County Government of Kiambu. The board of Directors are responsible for the general policy and strategic direction of the Company.

Principal Activities

The principal activities for which the Company was established are:

- To provide and distribute at the approved tariff safe and adequate supply of potable water for commercial, industrial, and domestic purposes.
- To provide, control and maintain at the approved tariff sewerage wastewater and drainage services for commercial, industrial, and domestic purposes.
- To acquire, develop, lease, or hire equipment, plants, vehicles, tools movable and immovable properties necessary for the provision of water services.
- To acquire, develop, lease, or hire equipment, plants, vehicles, tools movable and immovable properties necessary for the provision of sanitation Sewerage and drainage services.
- In collaboration with stakeholders, to design and construct dams, reservoirs and weirs, dig wells and drill or sink boreholes and carry on any other water conservation measures and reticulation

works for the provision of water for domestic purposes as a priority and for industrial and commercial purposes.

- To acquire for its own use and distribution by sale to the public water pumps, engines, tanks, pipes and any other equipment and chemicals that may be deemed necessary for and connected to the carrying out of the said business of the Company.
- To be responsible for the treatment and disposal of wastewater by such means and at such times and locations as the Company may deem appropriate as guided by standards in the water services sector.
- To import, distribute, use or sell chemicals, other materials, equipment or goods relevant or incidental to the conduct of the aforesaid business of the Company.
- To establish laboratory facilities for water and wastewater testing and analysis and to levy charges when applications or requests for the testing or analysis are made to the Company.
- To undertake laboratory analysis to ensure that acceptable water and wastewater standards
- To apply lawful and efficient methods of disposal of effluent at the treatment plants are maintained.
- To set a tariff for water and wastewater services rendered by the Company and from time to time revise the same as the Company may deem appropriate subject to approval by the Water Services Regulatory Board in consultation with the County Government.
- To charge a fee as may be set out in the relevant law(s) or approved by the Board for any other services rendered by the Company in concurrence with the County Government.
- To carry on any other business which may seem to the Company necessary to, incidental to, or capable of, being conveniently carried on in connection with the objects of the Company or calculated directly or indirectly to enhance the value of, or render it commercially viable, any of the property or rights of the Company or to improve the quality, efficiency, effectiveness or extent of the services provided to the customers of the Company, subject to approval by the County Government.

Company's Vision

To be the number one water service provider in Kiambu County.

Company's Mission

To provide effective, efficient, safe and sustainable water and sanitation services to the satisfaction of our internal and external customers.

Directors

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

- | | |
|----------------------------------|---|
| 1. Godfrey Mwaura Kigochi | Board Chairman |
| 2. Bishop Solomon Wairiri Waweru | Board Member and Chairman Finance, HR & ICT Committee |
| 3. Grace Nduta Gitau | Board Member and Chairman of Risk & Audit Committee |
| 4. GN Kang'ara | Board Member and Chairman of Technical Committee |
| 5. James Gichanga Mburu | Board Member |
| 6. Jennifer Kanini Musyoki | Board Member and Chief Officer Water |
| 7. William Kimani | Board Member and Chief Officer Finance |

The Alternate Directors who served the Githunguri Water and Sanitation Company during the period were as follows:

- | | |
|-----------------------|---|
| 1. Joseph Njuguna | Alternate Board Member and Director Water |
| 2. Henry Mburu Waweru | Alternate Board Member and Director Revenue |

Corporate Secretary

Jacqueline Wangari Murigi
P.O. Box 2344-00900
Kiambu

Registered Office

Githunguri Water & Sanitation Company Ltd
Githunguri Town Next To Githunguri Police Station
P.O. Box 823 - 00216,
Githunguri

Corporate Headquarters

Githunguri Water & Sanitation Company Ltd
Githunguri Town Next to Githunguri Police Station
P.O. Box 823 - 00216, Githunguri

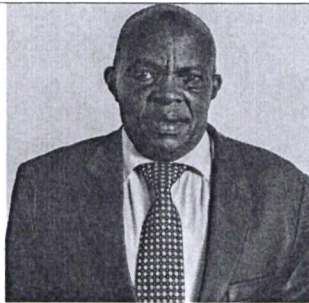
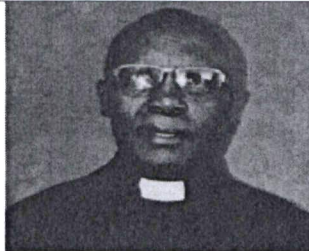

Corporate Contacts

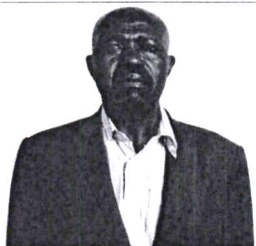
Telephone: (254) 700484034/731554433


E-mail: info@githunguriwater.co.ke

Website: githunguriwater.co.ke

3. The Board of Directors

	<p>Name: Godfrey Mwaura Kigochi Position: Chairman (Independent Director) DoA ;2023 Qualification: MSc. Project Management, BA in Public Administration Work Experience: Former County Commissioner, and other roles in Public service</p>
	<p>Name: Bishop Solomon Waweru Position: Finance, HR (Independent Director) DoA ;2018 Qualification: Bsc/ Agric.(Nrb), Msc/ Agric.Ext (Reading, UK), Bth (Beacon, USA), Phd (candidate) Work Experience: District Agric Officer (DAO), various Districts, Prov Director of Agric (PDA/PDALE), various Provinces, Deputy Director of Agric (DDA,Hqts), MD/CEO Coffee Board of Kenya (CBK)</p>
	<p>Name: Kang'ara GN Position: Technical Committee Chair (Independent Director) DoA ;2023 Qualification: LLM & LLB and Dip from Kenya School of Law Work Experience: Legal practitioner and Advocate of the High court</p>

	<p>Name: James Gichanga Mburu</p> <p>Position: Member (Independent Director)</p> <p>DoA ;2022</p> <p>Qualification: Bsc. Electronics, Electrical & Telecommunication Engineering. ERB member</p> <p>Work Experience: Over 30years of Engineering in Civil Service. Currently Head of Maintenance, Engineering & ICT in ministry of ICT and Digital Innovation.</p>
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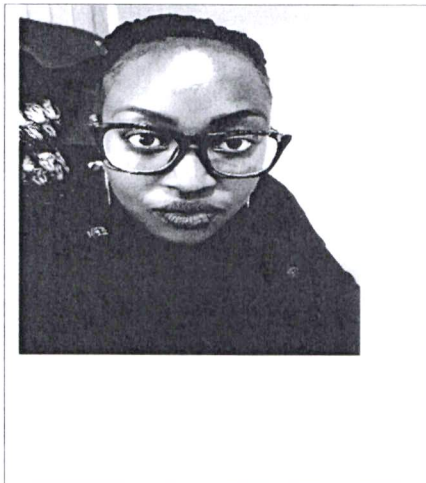
	<p>Name: Grace Nduta Gitau</p> <p>Position: Risk & Audit Committee Chair (Independent Director)</p> <p>DoA ; 2023</p> <p>Qualification: Diploma in IATA/FIATA, Security Management Administration Police Training</p> <p>Work Experience: Over 40 years' experience in Public service</p>
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	<p>Name: Jennifer Kanini Musyoki</p> <p>Position: Director</p> <p>Date of Appointment: 29th July 2020</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;</p>
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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.




Name: William Nyanjui Kimani
Position: Director
DoA: March 2022
Qualifications: Phd. Business Administration, Msc. Business Administration (Finance), BBA (Accounting & Finance), CPA (K)
Work Experience: COF & Economic Planning, County Government of Kiambu (2019 – date), Chief Officer Administration County Government of Kiambu (Dec 2018 – June 2019), Director Administration, Principal Administration Officer (May 2017 – Nov 2018) – County Government of Kiambu, FM PUEA Mt Kenya University (Jan 2010 -April 2017), FM Limuru Milk Processors (Mar 2007 – Dec 2009), Chief Accountant New Baron and Leveque International & Kenana Distributors (Feb 2007 – March 2002) Officer in the Department of Water, Environment, Energy and Natural Resources.



Name: Jacqueline Wangari Murigi
Position: Company Secretary
DoA: April 2023
Qualification: LLB (Catholic University of East Africa) Master’s Degree in Public Policy and Admin KU, Diploma in HRM, a registered CS and CPM
Work Experience: An advocate of the high court with over seven years’. Served in the County Government of Kiambu in various capacities: Legal Counsel Legislative Drafting, Senior Legal


	<p>Counsel and subsequently Director Legal Services in the Office of the County Secretary. Currently, She serves as the Director – Legal Services in the Department of Water & Sanitation supporting the Board of Directors in offering Company Secretarial Services as a qualified Certified Secretary.</p>
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	<ol style="list-style-type: none">1. Name: Francis Kahuha2. Position: Managing Director3. Qualification. PhD, MSc Earth & Climate Sciences University of Nairobi, International Business Administration (USIU-Africa)4. Work Experience. Over 10 Years in the private and public sector
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4. Key Management Team





	<p>Francis Kahuha-Managing Director</p> <p>Qualification; PhD, MSc. Earth & Climate Sciences University of Nairobi, International Business Administration (USIU-Africa). He is responsible for monitoring and assessing management's performance. Ensuring that the company complies with the legal and governance frameworks of the company. Ensuring institutional transformation in accordance with corporate strategy</p>
	<p>CPA Daniel Karangatha Muiruri -Finance Manager</p> <p>Holds a B.COM Finance (UoN) and Registered with ICPAK. Responsible for Financial planning, budgeting, controls, reporting, formulation of financial strategies & Oversight.</p>
	<p>CPA Daniel Mwangi Muriuki – Commercial Manager</p> <p>Holds a B.COM Finance and is Registered with ICPAK. Responsible for billing, new connections and customer service.</p>
	<p>CPA Alex Muragu Waruhiu -Accountant</p> <p>Holds CPA(K) and is Registered with ICPAK B. Com Finance (KCA). Responsible for Bookkeeping & Accounting Preparation of reports & Financial statements Handles Statutory Obligations.</p>

	Payroll preparation
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	<p>Eng. Christopher Gatheca – Ag. Technical Manager Holds B.sc Agricultural & Biosystems Engineering He is responsible of Technical department overseeing sufficient production, NRW team, preparation of proposals for funding and also oversees operations & maintenance</p>
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	<p>James Mwenda Kaburu- GIS Officer strong foundation in Geospatial Information Technology and an evolving specialization in Data Science. His work revolves around applying cutting-edge GIS and spatial data analysis techniques to solve real-world problems, particularly in the fields of water and sanitation services.</p>
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	<p>Cecilia Wanjiru Gakuha- Procurement Officer Holds BBM (Purchasing & supplies) Diploma in Purchasing & supplies In charge of procurement processes Registered with KISM</p>
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	<p>Peris Wambui- Human Resource Officer Holds Degree in Human Resource Management She is responsible for Human Resource Management</p>
	<p>Gabriel Kariuki- Githunguri Scheme manager Holds Diploma in Water Engineering Assist the Technical manager in overseeing scheme technical issues</p>
	<p>Joseph Mwari Kingori- Komothai Scheme manager Holds Diploma in Water Engineering Assist the Technical manager in overseeing scheme technical issues</p>
	<p>Ann Wambii- Ag. Internal Auditor Holds B.com Finance & CPA Part 1 In charge of Internal Audit</p>

3. Chairman's Statement

The financial year under review presented a set of significant fiscal and operational challenges, culminating in a deficit of Kshs. 34,620,096 up from the previous year's shortfall of Kshs. 9,920,434. This performance reflected entrenched systemic issues within the utility, including escalating input costs particularly for bulk water supply and energy as well as the long-standing effects of historical infrastructure underinvestment. The continued application of outdated tariff structures, misaligned with the cost of service delivery, further constrained our revenue sufficiency. While these circumstances were aggravated by the absence of structured shareholder financial support from the County Government of Kiambu, the Board acknowledges that strengthening internal governance frameworks is central to improving strategic alignment, resource utilization, and long-term resilience.

In this context, the Board has taken deliberate steps to enhance corporate governance, oversight, and accountability mechanisms. Working closely with management, we oversaw the implementation of structural reforms aimed at revenue optimization, operational efficiency, and transparency. The recorded improvement in billing, from Kshs. 43,022,359 to Kshs. 47,123,560, and enhanced collections, from Kshs. 38,766,726 to Kshs. 43,029,589, alongside a 6% reduction in Non-Revenue Water, are early indicators of progress. These gains affirm our commitment to embedding a culture of performance, ethical leadership, and stakeholder engagement. As a Board, we remain steadfast in our oversight role, with a renewed focus on financial sustainability, infrastructure renewal, and the establishment of robust partnerships including with our shareholder to secure the capital and policy support necessary to meet our service delivery mandate.

Godfrey Mwaura Kigochi,  Chairman of the Board

6. Report of the Managing Director

I am pleased to present the Managing Director's Statement for the financial year ended June 30, 2025, a year marked by both challenges and significant progress as we continue to strengthen our role as a vital provider of safe, reliable, and sustainable water supply services. Our performance was guided by our strategic pillars, which focused on improving revenue efficiency, reducing water losses, enhancing water quality, ensuring continuous water supply, and expanding access.

Revenue Collection Efficiency

Improving revenue collection remained a top priority for the company. Our target was to achieve a collection efficiency of at least 95%. Despite the continued economic challenges faced by many of our customers, we recorded a commendable performance of 91% collection efficiency. This was achieved through the implementation of strategic measures including disconnection of non-paying customers, introduction of customer payment plans to manage arrears, and aggressive issuance of demand notices. These interventions not only improved cash flow but also instilled a culture of accountability and financial responsibility among customers. We will continue to enforce these measures in the coming year to move closer to our target.

Non-Revenue Water (NRW) Management

The high level of Non-Revenue Water remains a significant operational and financial challenge. Our objective was to reduce NRW from 68% to at least 40%, with a long-term goal of reducing it below 25%. Through concerted efforts such as the removal of illegal connections, establishment of a dedicated NRW enforcement unit, and replacement of old consumer meters and aging pipeline infrastructure, we managed to reduce NRW to 58%. While this marks a meaningful improvement, it also underscores the need for sustained investments in metering, network rehabilitation, and monitoring technologies.

Water Quality Assurance

Providing safe water remains our core mandate. We aimed to attain 100% water quality compliance, as measured by the proportion of actual water quality tests to planned tests. I am pleased to report that we achieved a compliance rate of 98%, exceeding our performance threshold of 95%. This is a result of increased water testing and adherence to water safety protocols. We remain committed to meeting and surpassing national and international standards on water safety.

Reliability and Hours of Supply

The availability of water on a daily basis is a key performance metric that directly affects customer satisfaction. We set a target of ensuring water supply for over 20 hours per day. However, due to limitations in production capacity and aging infrastructure, we managed to provide an average of 16 hours of supply per day. While this falls short of our goal, significant efforts were made in increasing water production and implementing asset maintenance schedules. Going forward, strategic investments will be made to upgrade supply infrastructure and boost reliability.

Operational and Maintenance (O&M) Cost Coverage

To ensure sustainability, our objective was to attain an O&M cost coverage of at least 100%. The strategy focused on increasing the number of active connections to drive up monthly billing. However, we recorded a cost coverage of only 54%, which was significantly below the target. This performance underscores the need for tariff adjustments, improvement in billing efficiency, and prudent cost control. Plans are underway to address these constraints through a revised financial sustainability strategy.

Staff Productivity

We continued our drive toward improving staff productivity, targeting a benchmark of 6 staff per 1,000 connections. I am pleased to report that our performance surpassed this benchmark, achieving a ratio of 4 staff per 1,000 connections. This was made possible through the increase in active water connections and efforts in optimizing workforce deployment. Efficient staff utilization remains a key contributor to improved service delivery and cost containment.

Water Service Coverage

Expanding access to clean and safe water remains a cornerstone of our service delivery strategy. Our objective for the year was to increase water coverage from 24% to over 50%. Despite various constraints, including limited funding and infrastructure challenges, we registered a slight increase to 25%. Notably, efforts were made to extend services to previously unserved and underserved areas. While the growth was modest, the groundwork laid during the year will facilitate more rapid expansion in the upcoming period.

Looking Ahead

In response to prolonged financial instability, deteriorating infrastructure, declining service quality, and rising customer dissatisfaction, Githunguri Water and Sewerage Company has developed a comprehensive turnaround strategy aimed at restoring operational efficiency, financial sustainability, and public trust. This strategy is designed to stabilize the organization in the short term while laying a strong foundation for long-term growth and resilience. The turnaround strategy is anchored on six key pillars: financial recovery, operational efficiency, infrastructure rehabilitation, customer service improvement, institutional reform and digital transformation. Immediate priorities include improving revenue collection through enhanced billing systems and water tariff review, reducing non-revenue water by addressing physical and commercial losses, and enforcing cost control measures to eliminate inefficiencies in procurement and operations. A rapid audit of financial and technical systems has already been conducted to identify leakages, wastage, and areas of urgent corrective action. On the operational front, the company is accelerating the repair and maintenance of critical infrastructure, supported by targeted investments in metering, leak detection, and water quality monitoring. Strategic partnerships are being pursued with county governments and development partners to secure funding for capital upgrades. At the same time, workforce restructuring and retraining are underway to enhance technical capacity and accountability across departments. Customer service is being repositioned as a core priority, with the rollout of a new customer engagement platform, improved response protocols, and community outreach programs aimed at rebuilding confidence and promoting a culture of prompt payment. Governance reforms, including a reconstituted Board of Directors and strengthened internal controls, are also central to the strategy, ensuring that leadership is aligned with performance, transparency, and accountability. On digital transformation, the company has begun by investing in modern infrastructure such as smart meters, sensor-based monitoring systems, and data analytics platforms that enable real-time tracking of water quality, pressure, and leakage. By leveraging Internet of Things (IoT) technology and artificial intelligence, the utility will reduce water losses, optimize distribution networks, and enhance predictive maintenance. Internally, integrating enterprise resource planning (ERP) system and digital workflows will streamline operations, improve accountability, and support data-driven decision making. The turnaround plan is being implemented in phases over a 24–36-60 month period, with clearly defined strategic breakpoints, performance indicators, and regular reporting to stakeholders. Early signs of progress—including improved collections, reduced downtime, and growing stakeholder support—indicate strong potential for recovery. With committed leadership

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and stakeholder collaboration, the company is poised to return to stability and fulfill its mandate of delivering safe, reliable, and affordable water to the public.

I extend my sincere gratitude to our staff for their dedication, our customers for their cooperation, and our partners and stakeholders for their continued support. Together, we will continue to build a resilient, efficient, and customer-focused water utility.

Francis Kahuha



Managing Director

7.Statement of Performance against Predetermined Objectives for FY 2024/25

Githunguri Water and Sanitation Company Limited has 7 strategic pillars and objectives within the current Business Plan for the financial year 2024-2025. These strategic pillars are as follows:

Pillar 1: Revenue collection efficiency.

Pillar 2: Unaccounted for water.

Pillar 3: Water Quality.

Pillar 4: Hours of Supply.

Pillar 5: O & M Cost coverage.

Pillar 6: Staff Productivity.

Pillar 7: Water service.

Githunguri Water and Sanitation Company Limited develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Githunguri Water and Sanitation Company Limited achieved its performance targets set for the financial year 2024/2025 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Revenue collection efficiency	To attain 95% collection efficiency.	>95%	Disconnection of non-paying customers Payment plan agreement to enhance collection of arrears Use of demand notices	91%
Unaccounted for water (Water produced/ Water billed)	To improve Nrww from the previous 68 % to at least 40%	<25 %	Remove of illegal connections Enforcement of Nrww unit Replacement of old consumer meters Replacement of dilapidated pipeline infrastructure	58%
Water quality (Total number of tests carried out/ number of tests planned according to guideline and standards)	To attain a 100% water quality	>95%	Increase on the number of water quality tests	98%

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Hours of Supply (total hours of supply per month/30days)	To ensure constant & reliable supply	>20hrs	Increasing water production Adhering to asset maintenance schedule	16hrs
O & M Cost Coverage %	To attain over 70 % from the current 64%	100-149%	Increase in number of connections so as to increase on the monthly billing	54%
Staff productivity (staff per 1000connections)	To attain a staff productivity of 6 employees per 1,000 connections	<5	Increase the number of active water connections	4
Water service coverage	To attain over 50% water coverage from the current 24%	>90%	Increase connectivity to unserved and underserved areas	25%

8. Corporate Governance Statement

Githunguri Water & Sanitation Company Ltd regards good corporate governance as crucial to the success of the business and is committed to practice it so that it remains a sustainable and viable business. This Statement sets out the main corporate governance practices and structures in Githunguri Water & Sanitation Company Ltd.

The following corporate governance guidelines and principles are applied in the company to govern directors and staff; WASREB guidelines on Corporate Governance for Water companies specify best corporate governance principles and others like the Code of Ethics for directors and the Public Officer Ethics Act, 2003 that applies to public officers.

Directors exercise independent judgment and professional competencies for effective governance of the Company as set out in their terms of reference which clearly spells out important governance arrangements covering appointment of directors.

The Directors' Code of Conduct sets out rules that govern the conduct of individual directors in order to enable the Board to operate effectively and in the best interests of Githunguri Water & Sanitation Company Ltd. The Code of Conduct sets out rules for directors to among others: act honestly, in good faith and for the best interest of the company, exercise duty with care and diligence, avoidance and management of conflict of interest, maintain confidentiality of information about the company, showing commitment to and attend to Githunguri Water & Sanitation Company Ltd business and respect to fellow directors.

Composition of the Board of Directors

The Board comprises Seven Directors, and the Managing Director. The composition of the Board of Directors considers requirements of the water sector, diverse mix of skills, age, gender, qualifications and experience necessary to achieve the company's goals and objectives.

Conflict of Interest

Directors are required to make a written disclosure of any transaction in which they have interest, and which would constitute a conflict of interest and to abstain from voting when such matters are being considered. Business transactions with all parties, directors or their related parties are carried out at arms' length.

Role and Responsibilities of the Board

The Board provides leadership and strategic direction to Githunguri Water & Sanitation Company Ltd. Their main responsibilities are:

- Establishing the short and long-term goals of the Company and strategic plans to achieve those goals
- Ensuring preparation of the annual financial statements
- Approval and review of the annual budgets & procurement plans
- Setting and periodically reviewing key performance indicators and management performance
- Ensuring that Githunguri Water & Sanitation Company Ltd has adequate systems of internal controls
- Ensuring that Githunguri Water & Sanitation Company Ltd has adequate risk management plans to ensure business continuity

Role of Chairman of the Board of Directors

The Chairman is primarily responsible for providing leadership to the board, chairing board meetings and general meetings of members. The chairman also ensures that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively.

Managing Director

The Managing Director is the Chief Executive of Githunguri Water & Sanitation Company Ltd responsible for the day-to-day management.

Directors Training and Development

The Company recognizes the importance of having a well informed and fully empowered Board of Directors. In this regard, relevant training and capacity development opportunities are organized to equip directors with skills and knowledge necessary to effectively perform their responsibilities.

Board Work plan and Meetings

A work plan and schedule of meetings is prepared annually in advance. The Board meets at least twice per quarter or more depending on the requirements of the business. Directors receive adequate notice for meetings and detailed papers on issues to be discussed.

GITHUNGURI WATER AND SANITATION COMPANY LIMITED
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MONTH	FINANCE & HUMAN RESOURCE COMMITTEE WORKPLAN	RISK & AUDIT COMMITTEE WORKPLAN	TECHNICAL COMMITTEE WORKPLAN	FULL BOARD MEETING	QUARTER
JULY 2024					
AUGUST 2024		14th AUGUST 2024 Wednesday Approve 2024/2025 Annual Work plan Receive Fourth Quarter Audit Report F/Y 2023/2024	21st AUGUST 2024 Wednesday Approve the targets for the year with reference to the strategic plan, investment plan Presentation of the 4 th Quarter report		QUARTER ONE 2024/25
SEPTEMBER 2024	11th SEPTEMBER 2024 Wednesday Consider and recommend to the Board the final accounts report and financial statements for the FY2023/2024 Approve the staff suitability assessment report and training programme for the staff members		19th SEPTEMBER 2024 Thursday Receive and adopt the Committee Reports.		
MONTH	FINANCE & HUMAN RESOURCE COMMITTEE WORKPLAN	RISK & AUDIT COMMITTEE WORKPLAN	TECHNICAL COMMITTEE WORKPLAN	FULL BOARD MEETING	QUARTER
OCTOBER 2024		23rd OCTOBER 2024 Wednesday Receive 1 st Quarter Risk & Audit Committee Reports	16th OCTOBER 2024 Wednesday Receive 1 st Quarter Technical Reports	31st October 2024 Thursday Annual General Meeting (AGM)	QUARTER TWO 2024/25
NOVEMBER 2024		November 18-22 CORPORATE GOVERNANCE TRAINING			
DECEMBER 2024	December 4, 2024 Wednesday			December 5, 2024	

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MONTH	FINANCE & HUMAN RESOURCE COMMITTEE WORKPLAN	RISK & AUDIT COMMITTEE WORKPLAN	TECHNICAL COMMITTEE WORKPLAN	FULL BOARD MEETING	QUARTER
JANUARY 2025		22 nd JANUARY 2025 Wednesday Consider and recommend the 2 nd quarter report and review the Risk Management framework	12 th FEBRUARY 2025 Wednesday Review Performance of KPI Presentation of 2 nd quarter Technical Report	Thursday Receive and adopt the committee reports.	QUARTER THREE 2024/25
FEBRUARY 2025	11 th FEBRUARY 2025 Tuesday Consider and approve Budget review FY2024/2025 Consider and approve Review FY2024/2025 procurement plan Presentation of 2 nd Quarter Financial Report, HR Report, Commercial Report and Procurement Report.			February 12, 2025 Wednesday Receive and adopt the committee reports.	
MARCH 2025				28 th MARCH 2025 Friday Receive and approve the committee reports.	
MONTH	FINANCE & HUMAN RESOURCE COMMITTEE WORKPLAN	RISK & AUDIT COMMITTEE WORKPLAN	TECHNICAL COMMITTEE WORKPLAN	FULL BOARD MEETING	
APRIL 2025			16 TH APRIL 2025 Wednesday Receive the 3 rd quarter Technical		

GITHUNGURI WATER AND SANITATION COMPANY LIMITED
 ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025

			Performance report	
MAY 2025	21st MAY 2025 Wednesday Presentation of 3 rd Quarter Financial Report, HR Report, Commercial Report and Procurement Report.	14th MAY 2025 Wednesday Consider and recommend the 3 rd quarter Risk and Audit Report		
JUNE 2025				11th JUNE 2025 Wednesday Receive and approve the committee reports.

9. Management Discussion and Analysis

The company's operational and financial performance

During the financial year under review, the Company recorded a deficit of Kshs. 34,620,096, compared to a deficit of Kshs. 9,920,434 in the previous financial year. This increased deficit underscores the continuing operational and structural challenges facing the utility, with primary cost drivers being the high cost of bulk water purchases from Nairobi City Water and Sewerage Company and electricity costs associated with water abstraction, treatment and distribution, predominantly sourced from Kenya Power. These operating cost pressures were further exacerbated by long-standing infrastructure underinvestment, which has perpetuated elevated levels of Non-Revenue Water (NRW), alongside the application of an outdated tariff regime that no longer reflects the actual cost structure of water service provision.

The persistence of these financial challenges has been compounded by the absence of a defined capital injection or financial support framework from the County Government of Kiambu, the Company's sole shareholder. This lack of fiscal alignment led to the adoption of budgetary expectations that did not adequately reflect the Company's capital or operational realities, thereby intensifying liquidity and performance strain.

Despite these constraints, key operational reforms initiated by the new management have begun to yield tangible results. Total billing increased by 10% from Kshs. 43,022,359 to Kshs. 47,123,560, driven by enhanced revenue growth strategies, organizational restructuring, and prudent financial management practices. Concurrently, revenue collections also improved by 10% from Kshs. 38,766,726 to Kshs. 43,029,589, reflecting the successful rollout of new customer-centric collection mechanisms and improvements in service delivery.

Notably, the Company achieved a historic reduction in Non-Revenue Water from 64% to 58%, a 6% improvement attributable to the deployment of targeted NRW management strategies, leak detection programs, and pipeline network interventions. This milestone indicates the potential for sustained operational efficiency gains if the Company's investment and policy environment is appropriately realigned.

Going forward, strategic priorities will include continued operational restructuring, infrastructure modernization, and policy engagement with the County Government to secure sustainable financial

support. The Company remains committed to delivering safe, reliable, and affordable water services, anchored in principles of financial prudence, customer focus, and operational efficiency.

Company's compliance with statutory requirements

The company complied with statutory requirement like payment of NHIF, NSSF, PAYE, AHL and NITA. Nevertheless, we have arrears in other statutory obligations like lease fee, regulatory levy, abstraction levy to WRA and audit fee.

Major risks facing the company

The company face a complex array of systemic and operational risks that significantly impact its financial sustainability and service delivery capacity. Chief among these is the persistent challenge of non-revenue water, often exceeding 25% sector benchmark, which stems from aging infrastructure, illegal connections, metering inaccuracies, road contractor's damage careless damage to water pipes and poor maintenance practices. This loss not only erodes the revenue base of the company but also undermines the reliability of water supply to consumers. Compounding this is the high cost of water production, particularly the reliance on bulk water purchases from Nairobi City Water and Sewerage Company off takes and energy-intensive pumping systems powered by the national electricity grid, where tariffs are volatile and prone to upward adjustments. Furthermore, the company continue to operate under outdated and economically unviable tariff structure that fail to cover the full cost of service provision, resulting in chronic cash flow deficits and deferred capital investments.

Institutional and governance risks are also pronounced where shareholder interventions are often ad hoc and lack clear and defined financial commitment mechanisms. This dynamic creates uncertainty in planning and execution of capital-intensive projects. Additionally, the company faces increasing climate-related risks, including prolonged droughts, erratic rainfall, pollution and catchment degradation, which threaten water availability and quality. Coupled with rapid urbanization and population growth, these environmental pressures are outpacing current infrastructure capacities. The company also grapples with limited access to concessional financing, inadequate technical and staff capacity in critical positions, and regulatory enforcement gaps, all of which constrain the evolution toward commercially viable and professionally managed utility.

Material arrears in statutory/financial obligations

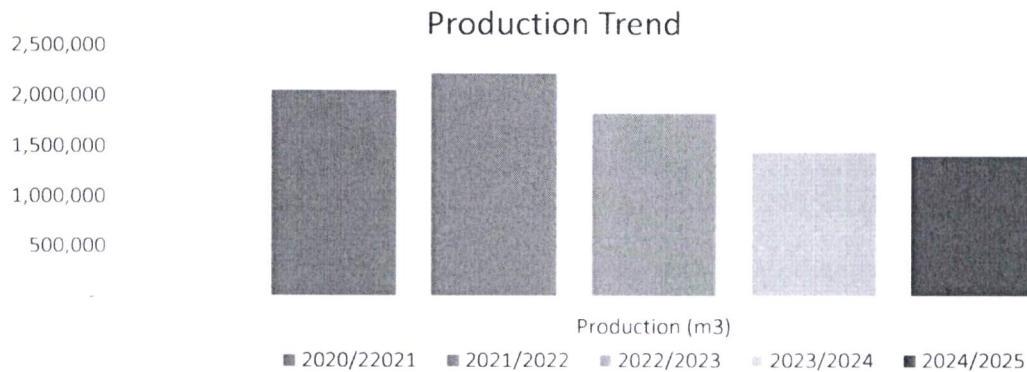
We have the following as the material balances in the year under review are as follow;

1. Lease Fee to AWWDA	Kshs 15,541,893
2. Regulatory Levy to Wasreb	Kshs 14,080,677
3. Abstraction Levy to WRA	Kshs 4,099,705
4. Nairobi water Company	Kshs. 211,308,578
5. Office of the Auditor General	Kshs. 2,684,000
6. Staff Pension & deductions	Kshs. 10,156,604

Comparative trend analysis

a) Water Production

Water Production Analysis					
Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Production (m3)	2,058,160	2,231,131	1,834,458	1,462,206	1,409,956



During the financial year ended June 30, 2025, the Company experienced a significant 4% decline in total water production, which had a direct impact on supply reliability and revenue generation across our service areas. This production downturn was driven by a confluence of operational disruptions, infrastructure failures, and external interventions beyond the Company’s immediate control.

One of the most substantial contributors to the production decline was the takeover of the Matimbei water project by the local community. This unauthorized transfer of operational control led to the loss of a key water source without an alternative arrangement, resulting in reduced volumetric output and compromised supply in the affected areas. In parallel, the Ngochi borehole, a vital component of our supply matrix, was temporarily shut down due to persistent water quality challenges, primarily elevated turbidity and poor physical chemical properties, which rendered the water non-compliant with public health standards and unsafe for distribution.

Compounding the situation was the structural failure of the Giathieko borehole, which collapsed mid-year due to geological instability exacerbated by prolonged pumping without adequate rest and maintenance cycles together with lack of proper borehole casing requirements during drilling. The

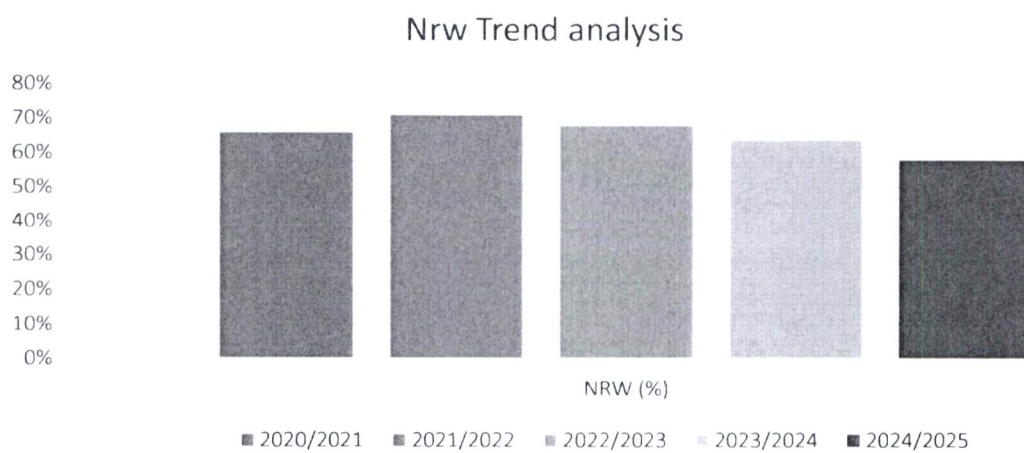
collapse rendered the borehole irrecoverable within the current financial year and necessitated unplanned capital outlay for sourcing replacement water.

The most critical infrastructure disruption arose from ongoing civil works associated with the Mau Mau Road construction project. Extensive and repeated damage to our major water transmission pipelines in Nyanduma, Kamburu and Komothai Wards of Lari and Githunguri Constituencies caused prolonged supply outages lasting over two months. This disruption not only curtailed production but also led to elevated Non-Revenue Water due to unanticipated losses during the repair periods. The situation was further strained by recurrent electricity disconnections by Kenya Power owing to delayed bill payments, which interrupted pumping operations across several stations, reducing operational continuity and network pressure.

In summary, the decline in production was the result of both systemic vulnerabilities and external shocks. Moving forward, the Company will prioritize risk mapping of key supply assets, engage more proactively with stakeholders including the County Government and national agencies, and advocate for utility protection in public infrastructure projects. Furthermore, efforts are underway to rehabilitate and diversify supply sources, improve power reliability through alternative energy solutions, and enhance operational resilience through strategic investments in infrastructure and asset management systems.

b) Non- Revenue Water

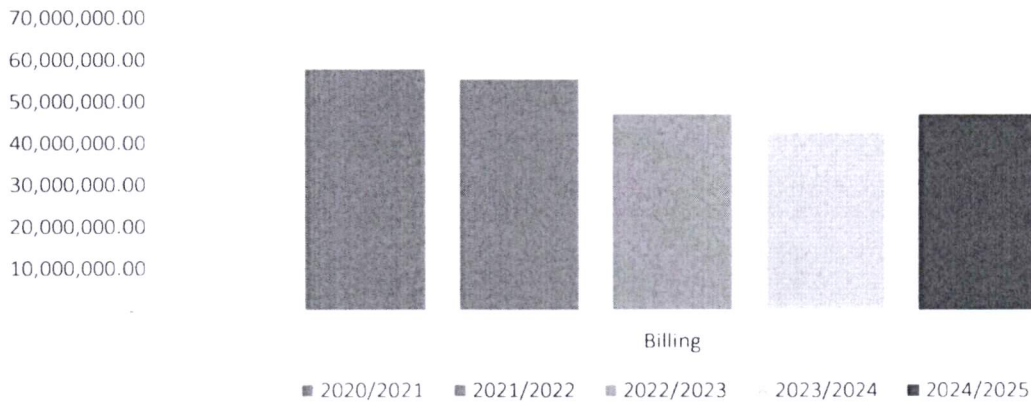
NRW Trend Analysis					
Year	2020/22021	2021/2022	2022/2023	2023/2024	2024/2025
NRW (%)	66%	71%	68%	64%	58%



c) Billing Trend

Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Billing	57,920,350.00	55,486,200.00	47,283,165.00	43,022,359.00	47,123,560.00

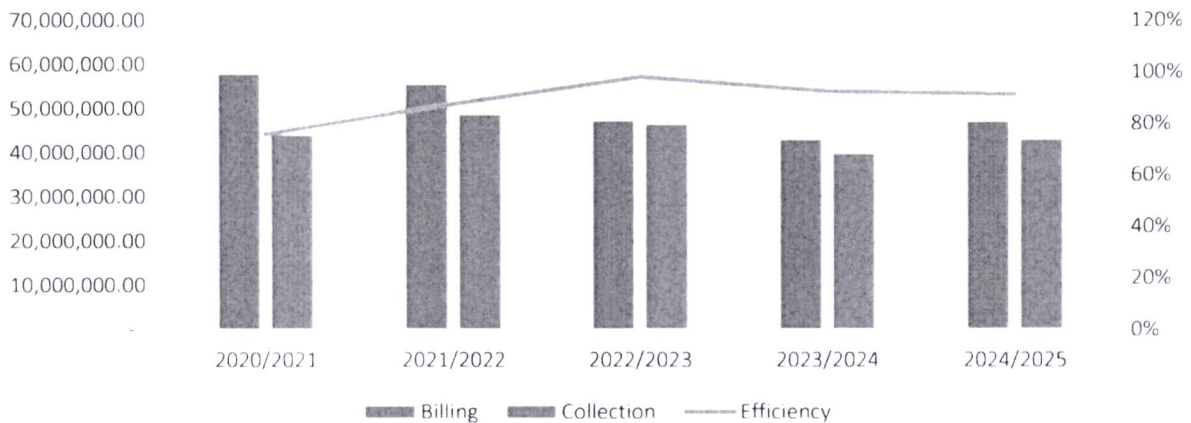
Billing Trend



d) Collection Efficiency

Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Billing	57,920,350.00	55,486,200.00	47,282,165.00	42,982,184.00	47,123,560.00
Collection	44,074,566.00	48,678,571.00	46,405,098.00	39,756,318.00	43,029,589.00
Efficiency	76%	88%	98%	92%	91%

Collection Efficiency



10. ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) AND CLIMATE RESILIENCE REPORT – FY 2024/2025

Transforming Lives Through Sustainable Water Service Delivery

At GIWASCO, sustainability is not merely a strategic aspiration it is the core of our purpose: *to transform lives*. This guiding principle steers every dimension of our operations, strategy, and stakeholder engagement. As a public utility provider in the water and sanitation sector, GIWASCO's central role in enabling clean, safe, and sustainable water services directly contributes to the attainment of the UN Sustainable Development Goals (SDGs), particularly SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action), and SDG 11 (Sustainable Cities and Communities).

SUSTAINABILITY STRATEGY AND CORPORATE PROFILE

Githunguri Water Company is committed to delivering safe, reliable, and affordable water services while safeguarding the environment and supporting the long-term well-being of the community. Our approach to sustainability integrates environmental stewardship, social responsibility, and economic resilience into every aspect of operations. We actively protect water catchment areas through conservation programs and collaborative partnerships with local stakeholders to preserve natural resources for future generations. Operational efficiency is continuously improved through investment in modern infrastructure, energy-efficient pumping systems, and leak detection technologies that reduce water loss and lower our carbon footprint. We uphold strict water quality monitoring in line with national standards, ensuring the health and safety of our customers while promoting awareness on responsible water usage. Financial sustainability is achieved through prudent management of resources, strategic tariff structures, and reinvestment in service expansion to underserved areas, fostering equitable access to clean water. Our governance framework prioritizes transparency, regulatory compliance, and stakeholder engagement, creating a culture of accountability and trust. Through these actions, Githunguri Water Company remains dedicated to delivering sustainable water solutions that balance present needs with the protection of resources for the future.

Key Achievements:

- **Expansion of Access:** Strategic extension of distribution infrastructure, notably in areas like Kiambururu & the new Kiameru water project, where we anticipate to connect over 2,000 new customers, reinforcing our commitment to equitable water access.

- **Digital Transformation:** We have adopted a fully cashless revenue collection system through partnerships with banking institutions and Mpesa services. This not only improves financial integrity and accountability but also aligns with environmentally sustainable practices by reducing the need for paper-based transactions.
- **Technological Integration:** Introduction of smart meter reading and in-house billing systems has enhanced revenue assurance, data transparency, and water use efficiency.
- **Regulatory Compliance:** The systematic disconnection of illegal water connections underlines our dedication to regulatory compliance, equity in access, and minimizing non-revenue water losses.
- **Leveraging Geographical Information Systems for Enhanced Service Delivery**

Githunguri Water Company has integrated Geographical Information Systems (GIS) into its operations as a strategic tool to enhance the efficiency, accuracy, and responsiveness of its service delivery (gis.githunguriwater.co.ke). The GIS platform enables precise mapping and real-time monitoring of the entire water distribution network, including pipelines, valves, storage tanks, and customer connections. This digital infrastructure provides an accurate spatial database that supports timely decision-making, effective asset management, and rapid response to service interruptions. By visualising the network and overlaying operational data, the Company can identify and address leakages, pressure variations, and maintenance needs with greater speed and accuracy, significantly reducing water loss and operational costs. GIS has also streamlined the process of planning network expansions by enabling data-driven assessments of population growth, topography, and infrastructure requirements, thereby ensuring that service provision aligns with current and projected demand. Field teams are equipped with mobile GIS-enabled devices, facilitating efficient data collection, verification, and updates to the central database in real time. This integration has improved coordination between technical teams, enhanced transparency in operations, and strengthened accountability to stakeholders. Through the strategic use of GIS, Githunguri Water Company is building a resilient, responsive, and sustainable service network that meets the evolving needs of the community while safeguarding resources for future generations.

- **Development of a Strategic Plan 2025-2030**

Over the past ten months, Githunguri Water and Sanitation Company (GIWASCO) has developed a comprehensive five-year strategic plan covering the period July 2025 to 2030. This plan is

anchored on clearly defined strategies and strategic actions that are Specific, Measurable, Achievable, Realistic, and Time-bound, ensuring that every objective is both attainable and monitorable. The overarching purpose of the plan is to enhance GIWASCO's Management Maturity Matrix scores, positioning the Company as a model provider of operational water and wastewater management services in line with its vision and mission. The strategic goals have been carefully prioritized to be realistic within the set timeframe and are designed to strengthen all six dimensions of the Management Maturity Matrix as outlined in the detailed plan.

Key focus areas include the reduction of Non-Revenue Water (NRW) from the current 67% to 35% by 2029, which will result in significant cost savings, improved operational efficiency, and increased service levels with fewer interruptions. The plan also targets an 800% growth in revenue, a critical step toward achieving financial sustainability. This revenue growth directly supports the goal of reaching operational break-even within three years and achieving a 10% profitability margin within five years. In parallel, the Company has committed to investing 20% of annual revenues in capacity building and climate adaptation measures over the next five years, reflecting a strong commitment to environmental stewardship, social responsibility, and operational excellence.

This strategic plan represents a disciplined, results-oriented roadmap for the transformation of GIWASCO into a financially sustainable, operationally efficient, and environmentally responsible utility. Through its execution, the Company will not only improve service delivery and financial performance but also strengthen its institutional capacity to meet the evolving needs of the communities it serves.

- **Tariff Review**

Githunguri Water and Sanitation Company has submitted an application to the Water Services Regulatory Board for the approval of a new water tariff structure. This application follows a comprehensive review of the Company's operational costs, infrastructure requirements, and service delivery obligations, undertaken to ensure that the proposed tariff reflects the true cost of providing safe, reliable, and sustainable water services to the community. The review process incorporated detailed cost analyses, demand projections, and efficiency considerations, as well as stakeholder consultations to balance affordability with the need for long-term service sustainability. The proposed tariff is designed to provide adequate resources for maintaining and upgrading the water distribution

network, meeting regulatory quality standards, and expanding access to underserved areas while ensuring prudent financial management.

The Company has high expectations that the new tariff, once approved, will enable it to address critical operational challenges such as Non-Revenue Water reduction, infrastructure rehabilitation, and investment in modern technologies for efficiency improvement. It will also support the financial stability required to meet rising energy, chemical, and maintenance costs, as well as facilitate the continued professional development of staff and the integration of climate adaptation measures into operations. The proposed tariff framework is not merely a revenue adjustment but a strategic enabler for delivering improved service quality, operational resilience, and customer satisfaction. GIWASCO remains committed to transparency, regulatory compliance, and the responsible use of resources, confident that the new tariff will mark an important step toward achieving its long-term vision of sustainable and equitable water service provision.

Despite these advancements, we acknowledge and transparently report the systemic and external sustainability threats faced in FY 2024/2025:

- **Infrastructure Vulnerability:** Destruction of critical pipeline infrastructure during road construction compromised service to over 3,000 consumers and significantly reduced billing efficiency.
- **Aged Distribution Network:** Frequent pipe bursts caused by aging infrastructure continue to inflate non-revenue water metrics; however, targeted pipe replacement in hotspot areas is currently underway.
- **Operational Interruptions:** Breakdowns of boreholes and persistent power disconnection in Githunguri town have led to service interruptions, impacting both customer satisfaction and system resilience.
- **Community Displacement:** The loss of operational control in Matimbei zone, due to civil unrest and hostility, highlights the need for strengthened community engagement and conflict resolution strategies.
- **Legal Barriers:** Ongoing litigation continues to hinder the completion of certain capital projects, underscoring the importance of proactive legal risk mitigation.

ENVIRONMENTAL PERFORMANCE AND CLIMATE RESILIENCE LEADERSHIP

As a water utility, environmental stewardship is intrinsic to our corporate identity. GIWASCO has elevated its role from a service provider to an environmental co-steward, pioneering collaborative conservation efforts and ecosystem regeneration.

Catchment Protection and Community Engagement:

- In partnership with community Water Resource User Associations (WRUAs) such as *Kamiti WRUA*, GIWASCO has engaged in participatory watershed management to rehabilitate degraded catchments.
- We have facilitated over 10,000 indigenous tree seedlings planted in 2024 alone, as part of our reforestation agenda aligned with Kenya's national climate commitments and the Africa 2063 blueprint.
- Monthly environmental clean-up drives, in collaboration with the Kiambu County Government, have significantly improved sanitation and community environmental awareness within GIWASCO's area of operation.

Sustainability Governance and ESG Integration:

GIWASCO's Board of Directors and executive leadership have integrated ESG performance into the company's performance scorecards. Annual ESG performance indicators including non-revenue water reduction, water quality metrics, catchment conservation, and stakeholder grievance redress are monitored and disclosed to ensure transparency and accountability.

Outlook and Commitment

Looking ahead, GIWASCO is developing a Climate Resilience and Adaptation Framework (CRAF) that will enhance the utility's ability to anticipate, absorb, and adapt to climate-related shocks. Our aim is to transition toward a low-carbon, climate-resilient water supply system that centers community well-being, ecological balance, and service equity.

Conclusion

GIWASCO is proud to emerge as a front-runner in ESG excellence and climate resilience leadership within Kenya's water sector. Through proactive community engagement, environmental integrity, and a commitment to service innovation, we are not only securing water for today but safeguarding it for generations to come.

"Water is life. Sustainability is legacy."

Employee welfare

Githunguri Water and Sanitation Company recognizes that its employees are its most valuable asset and that the quality of service delivery is directly linked to the well-being, motivation, and capacity of its workforce. In line with this understanding, the Company is undertaking deliberate interventions to enhance employee welfare, foster a positive working environment, and strengthen institutional capacity. These measures include the development of fair and competitive remuneration structures pending board approval and implementation, timely salary payments, and the provision of statutory benefits in compliance with labor laws. The Company has invested in workplace safety by ensuring that all operational areas adhere to occupational health and safety standards, equipping staff with appropriate protective gear, and providing regular training on safety protocols.

Professional development remains a central pillar of employee welfare, with targeted capacity-building programs, technical skills training, and leadership development opportunities designed to enhance staff competencies and career growth. The Company has also enhanced internal communication channels to promote transparency, employee engagement, and participatory decision-making. In addition, welfare programs have been introduced to support the holistic well-being of staff, including initiatives that promote work-life balance, mental health awareness, and access to medical services. These interventions are guided by the belief that a well-supported workforce delivers better results, fosters innovation, and strengthens the Company's culture of service excellence. Through sustained investment in employee welfare, Githunguri Water is building a motivated, skilled, and committed team capable of driving the Company's strategic objectives and delivering exceptional service to the community.

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Giwasco operates strictly within its licensed area of jurisdiction as stipulated by the Water Services Regulatory Board (WASREB) operating license. In line with fair market practices, the company acknowledges and respects the presence of community-based water service providers within its service area and actively supports their operations, particularly during periods of infrastructure development, such as the ongoing road construction projects.

As a wholly owned entity of the County Government of Kiambu, Giwasco maintains close collaboration with the County Government through its Department of Water and Environment, ensuring alignment with county development priorities. The company also upholds transparency and accountability by reporting annually to the County Assembly's Committee on Finance, thereby fostering good governance and compliance with sector regulations.

b) Responsible Supply chain and supplier relations

Giwasco operates under a comprehensive Procurement Policy Manual that governs all purchasing and disposal activities in line with the Public Procurement and Asset Disposal Act. The policy also guides the preparation of the annual Procurement Plan, which includes the pre-qualification of suppliers to ensure fair competition, transparency, and value for money. The company engages suppliers strictly in accordance with the applicable procurement regulations and upholds ethical business relationships. Giwasco is committed to honoring contractual obligations by ensuring timely payment for goods and services upon satisfactory delivery, thereby fostering trust, supplier loyalty, and sustainable business partnerships.

c) Responsible marketing and advertisement

Giwasco's tariff structure is developed in accordance with guidelines issued by the Water Services Regulatory Board (WASREB), with active involvement of stakeholders to ensure fairness, affordability, and compliance with national policy. The company undertakes responsible marketing practices that are transparent, non-misleading, and customer-focused. Periodic customer clinics and

public engagement forums are held to educate consumers, address concerns, and promote service improvements, ensuring customer satisfaction remains a key priority in line with good market practices.

d) Product stewardship

Giwasco is committed to delivering safe and high-quality drinking water in compliance with the standards set by the Kenya Bureau of Standards (KEBS) and the water quality guidelines provided by WASREB. The company conducts regular water quality testing and strictly adheres to reporting requirements. In line with transparency and public accountability, monthly water quality results are published on the company's website, enabling stakeholders to access up-to-date information on water safety and service quality.

Community Engagements

Giwasco is committed to advancing the constitutional right to clean and safe water as enshrined in Article 43(1)(d) of the Constitution of Kenya, which guarantees every person the right to accessible and adequate water. In line with this mandate, the company undertakes the takeover and rehabilitation of failed community water projects to ensure that underserved populations within its licensed area of jurisdiction gain access to reliable water services.

These efforts directly contribute to the achievement of the United Nations Sustainable Development Goal (SDG) 6 — “Clean Water and Sanitation” — by promoting equitable access to safe and affordable drinking water. Through these initiatives, Giwasco strengthens community resilience, enhances public health, and supports inclusive socio-economic development.

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 for which the Company was established are: -

- To supply Water and Sanitation Services to the residents of Githunguri District/Sub County and lower part of Lari District/sub-County and to manage the assets belonging to Athi Water Services Board and the assets shall not be subject to any resolution of the Company or that of the County Government of Kiambu
- To exercise overall control over the sources and supply of water and in particular, to conserve, redistribute and to augment those water resources, including sinking boreholes, and to make, build and construct, lay down and maintain reservoirs, waterworks, cisterns, culverts, filter-beds, main and other pipe and appliances, and to execute and do all works and things necessary or convenient for obtaining, storing, selling, delivering, measuring and distributing water, or otherwise for the purposes of the Company
- To provide and distribute a constant supply of potable water for commercial, industrial and domestic purposes.

The company's area of service covers about 244 square kilometers across seven wards, five wards in Githunguri sub-county namely Komothai, Ngewa, Githunguri, Ikinu and Githiga. Two wards in Lari Sub-County namely Kamburu and Nyanduma wards. Within these wards, we have areas currently not served with water but are incorporated in the development plans of both the National and County Governments for consideration for expansion of water services into those areas. We also have about 7 community water projects also offering water services within this area, but the community water projects are yet to register with Giwasco.

ii) Results

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

iii) Dividends

The company did not declare any dividends for the year ended 30th June 2025 due to the financial situation and performance of the Company. The company did not make any surplus and instead the deficit increased. The directors therefore did not declare any dividend.

iv) Directors

The members of the Board of Directors who served during the year are shown on page vii to ix. In accordance with the regulation of the Company and as per the company's Articles of Association.

v) Auditors

The Office of the Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Jacqueline Wangari Murigi

12. Statement of Directors' Responsibilities

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

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

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

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.

GITHUNGURI WATER AND SANITATION COMPANY LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025

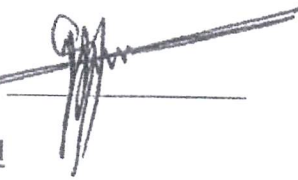
The Company going concern calls for support from the County Government and National Government in form of grants and Major investments as the current business is unsustainable. The company is operating with a negative balance sheet showing all the reserves are exhausted.

Approval of the financial statements

The company financial statements were approved by the Board on 11th August 2025 and signed on its behalf by:

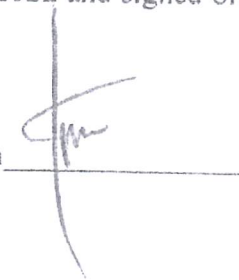
Godfrey Kigochi Sign

Chairman of the Board



Francis Kahuha Sign

Managing Director



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON GITHUNGURI 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 Githunguri Water and Sanitation Company Limited set out on pages 1 to 45, which comprise of the statement of financial

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

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 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 Githunguri 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. Operating Revenue

1.1 Unexplained Variances in Customer Bills

The statement of profit or loss and other comprehensive income reflects operating revenue amount of Kshs.47,123,560. However, review of billing records provided for audit revealed significant and unexplained fluctuations in the number of customers billed on a monthly basis which was not explained as analysed below;

Month	Number of Customers Billed	Variance
July, 2024	2990	
August, 2024	3160	170
September, 2024	3238	78
October, 2024	2617	621
November, 2024	3145	528
December, 2024	2984	161
January, 2025	3181	197
February, 2025	3138	43
March, 2025	2868	270
April, 2025	2639	229
May, 2025	2728	89
June, 2025	2435	293

The variations indicate inconsistencies in customer billing data that were not adequately justified.

In the circumstances, the accuracy and completeness of operating revenue amount of Kshs.47,123,560 could not be confirmed.

1.2 Variance in Operating Revenue

The statement of profit or loss and other comprehensive income reflects operating revenue amount of Kshs.47,123,560 while Note 6 to the financial statements reflects an amount of Kshs.48,392,060 resulting to an unexplained variance of Kshs.1,268,500.

In the circumstances, the accuracy and completeness of operating revenue amount of Kshs.47,123,560 could not be confirmed.

2. Unsupported Deferred Income

The statement of financial position reflects deferred income balance of Kshs.6,149,664 as disclosed in Note 33 to the financial statements. However, the balance was not supported with the financing or grant agreement and evidence of cash receipt or bank account where deferred income is held.

In the circumstances, the accuracy, completeness and existence of deferred income balance of Kshs.6,149,664 could not be confirmed.

3. Unsupported Board Payments

The statement of profit or loss and other comprehensive income reflects Board expenses amount of Kshs.2,949,796 which further includes Kshs.754,494 paid to various Board Members. However, supporting documents including attendance registers and certificates of participation were not provided for audit verification.

In the circumstances, the accuracy and regularity of the Board expenses amounts of Kshs.754,494 could not be confirmed.

4. Unsupported Statement of Cash Flows

The statement of cash flows reflects total receipts and payments of Kshs.54,678,135 and Kshs.51,593,071 respectively, that were not supported by receipts vouchers and invoices. Further, the respective amounts were not reconciled to the corresponding amounts in the statement of financial performance.

In the circumstances, the accuracy and completeness of financial statements could not be confirmed.

5. Non-Disclosure of Material Uncertainty Relating to Going Concern

The statement of profit or loss and other comprehensive income reflects Kshs.58,191,606 and Kshs.92,811,702 in respect to total revenue and total expenses respectively resulting to a deficit of Kshs.34,620,096 (2023/2024: Kshs.9,928,434). The deficit resulted to an increase in accumulated deficit of retained earnings from Kshs.160,958,566 as at 30 June, 2024 to accumulated deficit in retained earnings of Kshs.195,578,662 as at

30 June, 2025. The trend of making deficits every financial year is not a positive position as this is an indication of weak financial management.

Further, the statement of financial position reflects current liabilities balance of Kshs.294,472,759 which exceeds the current assets balance of Kshs.81,512,930 by Kshs.212,959,829. The Company is therefore, technically insolvent casting significant doubt on its ability to meet its short-term financial obligations as they fall due. The material uncertainty relating to going concern was not disclosed in the financial statements.

In the circumstances, the Company may be unable to meet its current financial obligations as they fall due, which may result in increased dependence on creditors to finance the Company's day-to-day operations.

6. Long Outstanding Receivables

Note 22 to the financial statements reflects gross trade receivables balance of Kshs.96,004,705 which further includes Kshs.90,176,799 that have been outstanding for over 120 days including Kshs.8,482,982 which has been outstanding for over ten (10) years. Further, comparative analysis of water meters and billings revealed that a total of three thousand, five hundred and sixty-two (3,562) active accounts with long outstanding debt of Kshs.35,461,076 had not been disconnected. However, there was no policy on the impairment of long outstanding arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the full recoverability of the receivables balance of Kshs.96,004,705 could not be confirmed.

7. Overdrawn Account and Netting off of Bank Balance

The statement of financial position reflects bank balance of Kshs.11,283,347 as disclosed in Note 25 to the financial statements. Included in the bank balance one (1) bank account with an overdraft balance of Kshs.1,263,972 which has been netted off bank balances of Kshs.12,547,319 contrary to Section 28(4)(5) of the Public Finance Management Act, 2012.

In the circumstances, the accuracy, completeness, existence of bank balance of Kshs.11,283,347 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Githunguri 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 final revenue budget and actual amounts on comparable basis of Kshs.69,157,429 and Kshs.61,001,606 respectively, resulting to under-funding of Kshs.8,155,823 or 12% of the budget. However, the Company spent an amount of Kshs.101,852,959 against actual revenue of Kshs.61,001,606 resulting to an over-utilization of Kshs.40,851,353 or 67% of the actual revenue.

The underfunding may have adversely affected the Company's planned activities and 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 other key audit matters to communicate in my report.

Other Matter

1. Continuous Water Disconnections by Nairobi City Water and Sewerage Company Limited (NCWSC) Due to Outstanding Debts

The statement of financial position reflects trade and other payables balance of Kshs.276,304,226 as disclosed in Note 31 to the financial statements which further includes Kshs.211,308,578 payable to Nairobi City Water and Sewerage Company Limited (NCWSC). However, it was noted that the Company experienced continuous water disconnections by Nairobi City Water and Sewerage Company Limited due to accumulated unpaid water bills. These recurrent disconnections disrupted water supply and service delivery to existing customers. As a result, local citizens are left without water, which is a fundamental right guaranteed under Article 43(1)(d) of the Constitution of Kenya, 2010, thereby affecting access to a basic essential service.

In addition, the disconnections significantly affected the Company's day-to-day operations and its ability to fulfill its core mandate of providing reliable water services.

2. 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 Githunguri Water and Sanitation Company Limited in 2024/2025 revealed that the following matters remained unresolved;

	Financial Year	Audit Issue
1	2023/2024	Unsupported and Long Outstanding Trade and Other Receivables
2	2023/2024	Inaccuracies in Financial Statements
3	2023/2024	Long Outstanding Trade and Other Payables
4	2023/2024	Lack of Land and Ownership Documents
5	2023/2024	Unsupported Prior Year Adjustments
6	2023/2024	Unaccounted for Non-Revenue Water
7	2023/2024	Non-Compliance with Affirmative Action on Gender, Ethnic Diversity and National Cohesion
8	2023/2024	Non-Compliance with SRC-Approved Salary Structure
9	2023/2024	Unsustainable Wage Bill

Other Information

Board of Directors is responsible for the Other Information set out on page iii to xliii 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 Githunguri 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 and as disclosed in Note 31 to the financial statements reflects trade and other payables balance of Kshs.276,304,226. However, the ageing analysis revealed that payables totalling Kshs.260,152,532 had been outstanding for more than one hundred and twenty (120) days. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which provides 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 was not able to meet its short-term obligations as and when they fall due and faces risk of litigation from suppliers. In addition, Management was in breach of the law.

2. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final revenue budget and expenditure of Kshs.69,157,429 and Kshs.108,962,237 respectively resulting to a budget imbalance of Kshs.39,804,808. This was contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the budget shall be balanced.

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

3. Non-Compliance with Qualification Requirements for Board Membership

Review of governance records revealed that one Board Member did not possess a bachelor's degree, contrary to the requirements of Section 11(2) of the Water (Services) Regulations, 2025 that which provides that Members of Board of Directors shall have; (i) a minimum of a bachelor's degree in business systems or management systems, finance, engineering, human resource, information technology or law, or be a certified public accountant or hold a qualification in any other relevant professional field.

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

4. Unaccounted for Non-Revenue Water (NRW)

During the year under audit, the Company produced a total of 1,409,956 cubic meters (m³) of water. However, only 581,565 m³ were billed to customers, resulting to an unbilled volume of 828,391 m³ which represent 59% of the total water produced. The unbilled volume of 828,391 m³ valued at approximately Kshs.67,099,671 (based on an average tariff of Kshs.81 per m³) constitutes the Company's Non-Revenue Water (NRW). The resulting NRW level exceeds the allowable limit of 25%, as provided under Schedule E of the Water Services Regulatory Board (WASREB) guidelines by 34%.

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

5. Non – Compliance with the Public Procurement Capacity Building Levy Order

Management did not provide evidence to confirm that the Company complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

6. Non-Compliance with Fiscal Responsibility Principles

The statement of profit or loss and other comprehensive income and as disclosed in Note 11 to the financial statements reflects staff costs amount of Kshs.27,762,258. The expenditure amounts resulted to 48% on the total revenue of Kshs.58,191,606 received during the year under review which was above the recommended 35% which may be unsustainable. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the expenditure on wages and benefits for Public Officers shall not exceed 35 per cent of the County Government's total revenue.

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

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

Review of payroll data provided for audit revealed that out of the forty-three (43) employees on contract and permanent basis, 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.

8. Irregular Remuneration of Officers on Secondment

The statement of profit or loss and other comprehensive income reflects staff costs totaling Kshs.27,762,248 as disclosed in Note 11 to the financial statements. Review of employee records revealed that two officers, a senior engineer and internal auditor had been seconded from Athi Water Works Development Agency. However, it was noted that the officers were engaged on contract terms, contrary to the provisions of Section B.33(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which stipulates that secondment applies to officers serving under permanent and pensionable terms unless otherwise approved.

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

9. Non-Compliance with Affirmative Action on Gender, Ethnicity and Regional Distribution

Review of personnel records provided for audit revealed that the Company had forty-three (43) staff out of which 37 or 86% came from the same ethnic community. Further, employee records revealed that thirty-four (34) or 79% of the members of staff were male while 21% were female. This was contrary to Section 7 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

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 Documents

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant and equipment net book value of Kshs.28,890,289 which includes buildings with a net book value of Kshs.9,667,122. However, the Company did not provide land ownership documents for the land within Githunguri Police Station where the offices are located and other parcels located at Keretta Forest, Githiga and Kwamaiko where the Company has treatment works and sanitation blocks.

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

2. Accounts With Negative Meter Readings

Review of water billing records for the financial year ended 30 June, 2025 revealed that seven hundred and ninety-nine (799) ordinary water accounts reflected negative billing.

This resulted in negative consumption amounting to Kshs.1,019,304 which was included in the cycle billings without being identified and flagged as anomalous.

In the circumstances, the negative readings indicated internal control weakness in meter readings and the completeness and validity of billing transactions could not be confirmed.

3. Failure to Tag Fixed Assets

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.28,890,289. However, review of the documents provided for audit revealed that some of the assets were not tagged making physical verification and identification process difficult. In addition, the assets register had not included location of assets, serial numbers for assets, registration number for motor bikes and the conditions of the assets. This was contrary to Regulation 132(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires movement and conditions of assets to be tracked.

In the circumstances, the effectiveness of internal controls on assets tracking could not be confirmed. Further, the Company was in breach of the law.

4. Delayed Replacement of Board Members

Review of the governance records revealed that the term of two Board Members expired on 14 February, 2025. However, the replacement process had not been undertaken in a timely manner. As a result, the Board operated with vacant positions, which led to inadequate membership and consistent failure to meet quorum requirements for Board and Committee meetings.

In the circumstances, the Company did not achieve its strategic objectives.

5. Use of Unapproved Salary Structure and Below Industry Benchmarks Remunerations

The statement of profit or loss and other comprehensive income reflects staff costs amounting to Kshs.27,762,248 as disclosed in Note 11 to the financial statements. Review of the salary structure used for payment of staff salaries and allowances revealed that the structure had not been formally approved. Further, it was noted that the Company was paying salaries that were below industry benchmarks. A comparison with salary structures of other water service providers revealed that staff in comparable Institutions earned higher salaries. This practice contravenes the constitutional mandate requiring SRC to set and regularly review the remuneration and benefits of all state officers; and also advise the National and County Governments on the remuneration and benefits of all other public officers.

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

6. Non-Compliance with CEO Tenure Requirements Under the Water (Services) Regulations, 2025

Review of the Chief Executive Officer's (CEO's) employment contract revealed that the CEO is currently serving a three-year term, renewable up to three times, as stipulated in the existing contract. However, Section 12(5) of the Water (Services) Regulations, 2025, specifies that the Managing Director of a water services provider shall serve a term of five (5) years, renewable only once, subject to satisfactory performance. This discrepancy indicates that the current CEO contract structure is not aligned with the regulatory requirement prescribing a single five-year term with only one renewal permitted.

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

7. Lack of Approved Policy Documents

Review of documents provided for audit revealed that the Company lacked approved policy documents which included, finance policy, procurement policy, human resource policy, organogram, ICT policy and disaster recovery plan, risk management policy, staff code of conduct and ethics and staff establishment. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which require an Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and develop a system of risk management and internal control that builds robust business operations.

In the circumstances, effectiveness of internal controls, risk assessment and management could not be confirmed. Further, Management was in breach of the law.

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, I report, based on my audit, that except for the matters described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages xl and xli is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration on page 25 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 are 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

GITHUNGURI WATER AND SANITATION COMPANY LIMITED
 ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	47,123,560	43,022,359
Grants Income	7	9,799,546	28,984,290
Other Income	8	1,268,500	1,151,000
Total Revenue		58,191,606	73,157,649
Expenses			
Staff Costs	11	27,762,248	24,591,931
General and Operations expenses	12	53,408,706	48,615,005
Board Expenses	13	2,949,796	2,912,650
Maintenance Expenses	14	6,478,980	4,534,609
Depreciation and Amortization expenses	15	2,172,595	2,409,963
Finance Cost	16	39,377	13,925
Total Expenses		92,811,702	83,078,083
Profit/(Loss) Before Taxation		(34,620,096)	(9,920,434)

GITHUNGURI WATER AND SANITATION COMPANY LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025

15. Statement of Financial Position as at 30 June 2025

GITHUNGURI WATER AND SANITATION COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	20	28,890,289	22,146,947
Total Non-Current Assets			
Current Assets			
Inventories	21	8,292,508	8,091,435
Trade and Receivable	22	61,937,075	57,926,808
Bank and Cash Balances	25	11,283,347	17,114,219
Total Non-Current Assets		81,512,930	83,132,462
TOTAL ASSETS		110,403,219	105,279,409
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary Share Capital	26	40	40
Capital Reserve	27	11,509,082	11,509,082
Retained Earnings	29	(195,578,662)	(160,958,565)
Total Capital and Reserves		(184,069,540)	(149,449,443)
Non-Current Liabilities			
Total Non-Current Liabilities			
Current Liabilities			
Trade and Other Payables	31	276,304,226	236,462,858
Customer Deposits	32	12,018,869	11,383,869
Deferred Income	33	6,149,664	6,882,125
Total Current Liabilities		294,472,759	254,728,852
TOTAL EQUITY AND LIABILITIES		110,403,219	105,279,409

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

Sign 
Managing Director
Francis Kahuha

Sign 
Finance Manager
Daniel Muiruri
ICPAK No. 20879

Sign 
Chairman of Board
Godfrey Mwaura Kigochi



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

	Share Capital Kshs	Revenue Reserves Kshs	Capital Reserves Kshs	Total Kshs
Balance as at 1st July 2022	40	(112,279,585)	11,509,082	(100,770,463)
				-
Deficit for the year 2022-2023		(26,745,690)		(26,745,690)
Balance as at 30th June 2023	40	(139,025,275)	11,509,082	(127,516,153)
Balance as at 1st July 2023	40	(139,025,275)	11,509,082	(127,516,153)
Deficit for the year 2023-2024		(9,920,434)		(9,920,434)
Prior year adjustment		(12,012,856)		(12,012,856)
Balance as at 30th June 2024	40	(160,958,566)	11,509,082	(149,449,444)
Deficit for the year 2024-2025		(34,620,096)		(34,620,096)
Balance as at 30th June 2025	40	(195,578,662)	11,509,082	(184,069,540)

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

	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Revenue		42,975,089	38,766,726
Other Income		1,268,500	1,151,000
Grants		9,799,546	28,984,290
Customer Deposits		635,000	950,930
Total Receipts		54,678,135	69,852,946
Payments			
Staff Costs		25,696,654	20,209,169
Board Expenses		1,613,880	2,837,411
General and Operation Expenses		19,864,478	30,345,898
Maintenance		4,418,059	4,534,609
Refund Of Customer Deposits		-	625,000
Total Payments		51,593,071	58,552,087
Net Cash From/ (Used In) Operating Activities	36	3,085,064	11,300,859
Cash Flows from Investing Activities			
Purchase Of Property, Plant and Equipment		(8,915,936)	(5,161,896)
Net Cash From/ (Used In) Investing Activities		(8,915,936)	(5,161,896)
Cash Flows from Financing Activities			
Net Cash From/ (Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		(5,830,872)	6,138,963
Cash And Cash Equivalents at Beginning of Year		17,114,219	10,975,255
Cash And Cash Equivalents at End of The Year	25	11,283,347	17,114,219

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	74,447,429	25,200,000	49,247,429	48,392,060	855,369	98%
Internal Borrowings(Deposit)	-	2,810,000	2,810,000	2,810,000	-	100%
National Government Grants-AWWDA			2,100,000	2,819,798	(719,798)	134%
Other Income Grants	58,951,308	43,951,308	15,000,000	6,979,748	8,020,252	47%
Total Revenue	133,398,737	66,341,308	69,157,429	61,001,606	8,155,823	88%
Expenses						
Staff Costs	29,835,000	1,445,000	28,390,000	27,762,248	627,752	98%
Board Expenses	2,660,000	(520,000)	3,180,000	2,949,796	230,204	93%
Administrative/General and O&M	69,406,840	6,136,500	63,270,340	60,175,340	3,095,000	95%
Finance costs	40,000	-	40,000	39,377	623	98%
Admin & Regulatory fee	2,869,897	800,000	2,069,897	1,884,941	184,956	91%
Total Recurrent Expenditure	104,811,737	7,861,500	96,950,237	92,811,702	4,138,535	96%
Surplus/deficit for the period	28,587,000	56,379,808	(27,792,808)	(31,807,373)		
Capital Expenditure	28,587,000	16,575,000	12,012,000	9,043,980		75%
Total Expenditure	133,398,737	24,436,500	108,962,237	101,852,959		93%

Notes to the Budget

Grant

During the financial year the County Government of Kiambu supported company operations by paying some electricity bills, however the anticipated support to meet other operation cost was not forthcoming.

Finance Cost

This related to the quarterly charges for performance guarantee.

19. Notes to the Financial Statements

1. General Information

Githunguri Water and Sanitation Company Limited is established by and derives its authority and accountability from Companies Act Cap 486. The entity is wholly owned by the County Government of Kiambu and is domiciled in Githunguri, Kenya. The entity's principal activity is provision of water and sanitation services within Githunguri Sub County and part of Lari Sub County.

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

2. Statement of Compliance and Basis of Preparation

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

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, the Company's Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the financial statements (continued)

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

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Directors have assessed the applicable standards and amendments. Based on the assessment of impact of application of the above, we do not expect that there will be a significant impact on the company's financial statements.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

IFRS	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.

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

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

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

Notes to the financial statements (continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a 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 (%)
Office Equipment's.	8.0	12.5%
Computers and Laptops	3.0	33.3%
Furniture & Fittings	8.0	12.5%
Motor Vehicle & Motorcycles	4.0	25.0%
Plant and Equipment's	8.0	12.5%
Buildings and civil works	40.0	2.5%
Mobile Phones	3.0	33.3%
Pipes and Meters	8.0	12.5%
Tools	3.0	33.3%

A full year's depreciation charge is recognized the following year after purchase of the asset and none in the year of asset disposal. Items of property, plant and equipment are reviewed when needs be 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.

Notes to the financial statements (continued)

Summary of Accounting Policies

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.

Notes to the financial statements (continued)

Summary of Accounting Policies

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

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

j) Quoted investments

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

Notes to the financial statements (continued)

Summary of Accounting Policies

k) Unquoted investments

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

l) 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 moving average price 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.

m) 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.

Notes to the financial statements (continued)

Summary of Accounting Policies

n) 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.

o) Deferred tax

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p) Borrowing costs

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

Notes to the financial statements (continued)

Summary of Accounting Policies

q) 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.

r) 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.

s) 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.

Notes to the financial statements (continued)

Summary of Accounting Policies

t) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2014. The scheme is administered County Pension Fund and is funded by contributions from both the company (@15%) and its employees (@12.5%). 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.

u) 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.

v) 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.

Notes to the financial statements (continued)

Summary of Accounting Policies

w) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 25th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 18 of these financial statements.

Notes to the financial statements (continued)

Summary of Accounting Policies

x) 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.

y) Comparative figures

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

z) Subsequent events

No subsequent events

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to the financial statements (continued)

Summary of Accounting Policies

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.

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.

Notes to the financial statements (continues)

6. Operating Revenue

Description	2024-2025	2023-2024
	Kshs	Kshs
Water sales	47,123,560	43,022,359
Connection fees	1,268,500	1,151,000
Total	48,392,060	44,173,359

7. Grants Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Capital Grant amortized	732,461	732,461
Donations from County Governments	6,247,287	28,251,829
Operations grants from Government entities- AWWDA	2,819,798	-
Total	9,799,546	28,984,290

8. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Connection fees	1,268,500	1,151,000
Total	1,268,500	1,151,000

9. Finance Income

This did not apply to the company during the financial year under review.

10. Other Gains and Losses

This did not apply to the company during the financial year under review.

11. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Staff Salaries and Allowances	24,135,409	20,999,331
Employer's Contributions to Social Security Schemes	1,049,820	657,574
Employer's Contributions to Pension Scheme	1,519,570	1,693,832
Gratuity	1,057,449	1,229,944
Medical Expenses	-	-
Casual Wages	-	11,250
Total	27,762,248	24,591,931
The average number of employees	43	40

12. General and Operations Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chemicals	892,392	80,274
Electricity - Operational	11,485,473	8,137,757
Fuel and Lubricants.	3,747,279	2,804,100
Bulk Water Supply	22,581,120	26,461,756
Water Quality	426,500	160,000
Water & sewerage	-	8,100
Meter Calibration	3,000	5,000
Staff Protective Gears and Uniform.	558,820	58,300
Telephone Expenses.	312,416	380,270
Postal and Postage.	9,450	9,450
Insurance	227,683	
Rent and Rates	382,720	159,720
Water Use Fee (WRA)	609,910	299,830
Office Electricity	50,745	
Traveling and Accommodation.	1,523,385	2,303,765
Printing & Stationeries	480,967	137,928
Staff Training and Education.	470,270	252,844
Bank Charges	200,151	99,939
Mpesa Transaction Charges	34,184	-
Security Services	1,788,759	1,684,320
Billing and Other Support Services	416,621	290,826
Advertising and Publicity.	115,865	129,612
Audit Fees	232,000	232,000
Staff Welfare	465,865	32,400
Licensing and Wasreb levies	1,884,941	1,720,894

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WASCO Games & team building	261,800	1,172,200
Stakeholders Expenses	251,592	825,720
AGM Expenses	22,330	-
Customer Identification Survey	1,703,589	-
Planning & Design	81,200	60,900
CSR	24,000	-
Strategic Planning & other Consultancy Services	496,944	-
General Office Running Expenses	411,236	143,040
Annual fees & Subscription	53,675	198,250
Environmental Conservation & Water Source Management	84,400	245,480
Provision for doubtful debts	207,424	212,782
Legal fees & Penalties	910,000	307,548
Total	53,408,706	48,615,005

13. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Board Sitting allowances	1,538,086	2,912,650
Chairman Honoraria	128,550	-
Travel & Accommodation	618,160	-
Training & Capacity Building	665,000	-
Total	2,949,796	2,912,650

14. Maintenance Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Plant and Equipment	468,848	16,420
Maintenance of Buildings and Stations	967,413	176,675
Vehicles Maintenance	1,315,867	379,500
ICT Costs	465,310	336,987
Office Repairs & Maintenance	169,659	133,698
Infrastructural networks (Water Systems)	2,392,693	3,491,329
Grounds	646,190	-
Fleet Management	53,000	-
Total	6,478,980	4,534,609

15. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant, and Equipment	2,172,595	2,409,963
Total Depreciation	2,172,595	2,409,963

16. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Commission charged for Performance Guarantee	39,377	13,925
Total Depreciation	39,377	13,925

17. Income Tax Expense/(Credit)

This did not apply to the company in the year under review.

18. Earnings Per Share

This does not apply to Githunguri Water and Sanitation Company Limited.

19. Dividend Per Share

No dividends were proposed during the period.

Notes to the financial statements (continued)

20. Property, Plant and Equipment

2024-2025 COST OR VALUATION	Office Equipment	Computers & Laptops	Furniture & Fittings	Motorcycle & Vehicle	Plant & Equipment	Buildings	Mobile Phones	Pipes & Meters	Tools	TOTALS
As at 1st July 2024	130,235	2,637,445	457,286	2,137,500	3,201,188	10,691,581	671,978	18,070,888	54,500	38,052,601
Additions		575,501	1,067,501		1,620,418	1,714,400	247,660	3,653,900	164,600	9,043,980
Add Prior year Inventory	-	-	-	-	-	-	-	7,798,032	6,550	-
Less Closing Inventory					585,198			7,207,808	139,600	
As at 30th June 2025	130,235	3,212,946	1,524,787	2,137,500	4,236,408	12,405,981	919,638	22,314,992	86,050	46,968,537
DEPRECIATION										
As at 1st July 2024	110,976	2,235,264	333,663	1,445,671	2,063,509	2,534,943	423,850	6,703,753	54,025	15,905,654
Charge for the Year	2,407	132,720	15,453	172,957	142,210	203,916	81,882	1,420,892	157	2,172,594
As at 30th June 2025	113,383	2,367,984	349,116	1,618,628	2,205,719	2,738,859	505,732	8,124,645	54,182	18,078,248
NET BOOK VALUE										
As at 30th June 2025	16,852	844,962	1,175,671	518,872	2,030,689	9,667,122	413,906	14,190,347	31,868	28,890,289
As at 30th June 2024	19,259	402,181	123,623	691,829	1,137,679	8,156,638	248,128	11,367,135	475	22,146,948

Notes to the financial statements (continued)

2023-2024 COST OR VALUATION	Office Equipment	Computers & Laptops	Furniture & Fittings	Motorcycle & Vehicle	Plant & Equipment	Buildings	Mobile Phones	Pipes & Meters	Tools	TOTALS
As at 1st July 2023	130,235	2,386,525	407,286	2,137,500	2,771,768	10,691,581	671,978	14,531,780	54,500	33,783,153
Additions		250,920	50,000		429,420		-	3,539,108		4,269,448
Transfers	-	-	-	-	-	-	-	-	-	-
As at 30th June 2024	130,235	2,637,445	457,286	2,137,500	3,201,188	10,691,581	671,978	18,070,888	54,500	38,052,601
DEPRECIATION										
As at 1st July 2023	108,224	2,065,358	321,954	1,215,061	1,906,096	2,325,798	301,638	5,197,774	53,788	13,495,691
Charge for the Year	2,752	169,906	11,709	230,610	157,413	209,145	122,212	1,505,979	237	2,409,963
As at 30th June 2024	110,976	2,235,264	333,663	1,445,671	2,063,509	2,534,943	423,850	6,703,753	54,025	15,905,654
NET BOOK VALUE										
As at 30th June 2024	19,259	402,181	123,623	691,829	1,137,679	8,156,638	248,128	11,367,135	475	22,146,948
As at 30th June 2023	22,011	252,898	85,332	922,439	865,672	8,365,783	370,340	9,334,006	712	20,219,194

Notes to the financial statements (continued)

21. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Chemicals	313,272	162,455
Electricals	5,150	29,350
Water Pipes and Fittings	6,643,428	6,995,432
Water Meters	564,400	802,600
Stationery	41,460	95,048
Tools	139,600	6,550
Lab Equipment's	585,198	-
Total	8,292,508	8,091,435

22. Trade and Other Receivables

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Receivables	94,017,911	89,869,440
Collectable deposits	246,479	174,979
Prepayments	589,351	591,630
Wasreb Performance Guarantee	1,150,964	1,150,964
Gross trade and other receivables	96,004,705	91,787,013
Provision for bad and doubtful receivable	(34,067,630)	(33,860,206)
Net trade and other receivables	61,937,075	57,926,808

22. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	94,017,911	89,869,440
Provision for doubtful receivables	(34,067,630)	(33,860,206)
Net trade receivables	59,950,281	56,009,234
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	3,253,510	4,084,920
Between 30 and 60 days	577,298	-
Between 61 and 90 days	-	-
Between 91 and 120 days	10,304	274,442
Over 120 days	90,176,799	85,510,078
Total	94,017,911	89,869,440

[Entities are allowed to provide the aging analysis relevant to their institution.]

23. Tax Recoverable

There was no tax recoverable during the financial year.

24. Short Term Deposits

This did not apply during the financial year.

25. Bank and Cash Balances

	Kshs	Kshs
Cash at bank (25b)	11,257,367	16,951,060
Safaricom Mpesa (25c)	25,980	163,160
Total	11,283,347	17,114,220

<i>25 (a) Detailed Analysis of Cash and Cash Equivalent</i>			
Financial Institution	Account number	2024-2025	2023-2024
		KShs	KShs
a) Current account			
KCB-Expenditure Cash Book	1105027333	558,198	409,178
Sub- total		558,198	409,178
b) Revenue Accounts			
KCB - Revenue Cash Book	1134860803	3,452,326	3,869,804
Equity Bank - Revenue Cash Book	0930293233664	34,776	7,422
K-Unity Finance - Revenue Cash Book	00310000002498	-	445
GDC Sacco-Revenue Cash Book	01-1200-080-00469	-	495
Sub- total		3,487,102	3,878,166
c) Miscellaneous Account			
KCB-Miscellaneous Cash Book	1105027023	3,957	17,044
Sub- total		3,957	17,044
d) Others(specify)			
KCB - Customers Deposit Cash Book	1105027597	7,174,552	10,114,969
Family Bank - Grant Cash Book	002000037300	0	60
Family Bank - Grant Account CGK	002000043555	33,558	2,531,643
Safaricom M-Pesa - Revenue Collection	Pay bill 905900	25,980	163,160
Sub- total		7,234,090	12,809,832
Grand total		11,283,347	17,114,220
25 (b) Cash at Bank			
KCB Banks-Expenditure Account	1105027333	558,198	288,038
KCB Banks-Revenue Account	1134860803	3,452,326	165,843
Equity Bank-Revenue Account	0930293233664	34,776	6,260
K-Unity Finance Revenue Account	00310000002498	-	445

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GDCS Sacco-Revenue Account	01-1200-080-00469	-	495
KCB Banks-Miscellaneous Account	1105027023	3,957	27,034
KCB Banks - Customers Deposit	1105027597	7,174,552	10,191,602
Family Bank - Grant Account WSTF	002000037300	-	60
Family Bank - Grant Account CGK	002000043555	33,558	-
Total		11,257,367	10,679,776

25 (c) Mobile Money			
Safaricom M-pesa - Revenue Account	Pay bill 905900	25,980	163,160

26. Ordinary Share Capital

Description	2024-2025	2023-2024
	Kshs	Kshs
Authorized:		
5,000 Ordinary shares of Kshs 20.00 par value each	100,000	100,000
Issued and fully paid:		
2 Ordinary shares of Kshs 20.00 par value each	40	40

27. Capital Reserves

Capital Reserve: the initial capital as shown is equal to the debtors inherited during the formation of GIWASCO

28. Fair Value Adjustment Reserve

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

29. Retained Earnings

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

30. Retirement Benefit Obligations

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary & House Allowance. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

31. Trade and Other Payables

Trade and Other Payables		
Description	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	10,487,873	2,324,805
Accrued expenses	264,311,934	232,652,344
Revenue Received in advance	1,504,419	1,485,709
Total	276,304,226	236,462,858
As at June 30, the ageing analysis of the gross trade Payables was as follows		
Less than 30 days	5,124,692	5,696,243
Between 30 and 60 days	3,687,868	2,516,167
Between 60 and 90 days	3,803,778	1,674,489
Between 90 and 120 days	3,535,356	2,353,584
Over 120 days	260,152,532	224,222,375
	276,304,226	236,462,858

32. Customer Deposits

Description	2024-2025	2023-2024
	Kshs	Kshs
Opening Balance	11,383,869	10,432,939
Add: deposits received during the year	635,000	950,930
Closing balance	12,018,869	11,383,869

Refundable Deposits

Description	2024-2025	2023-2024
	Kshs	Kshs
Office	116,000	44,500
Electricity	45,980	45,980
Telephone	28,499	28,499
Fuel	56,000	56,000
Closing balance	246,479	174,979

33. Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance brought forward	6,882,125	7,614,586
Transfers to income statement	732,461	732,461
Balance carried forward	6,149,664	6,882,125

34. Dividends Payable

There were no dividend payable during the financial year.

35. Taxation

This did not apply.

36. Notes to The Statement of Cash Flows

Description	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(34,620,096)	(9,920,434)
Depreciation	2,172,594	2,409,963
Provision for bad debts	207,424	212,782
Deferred grant income	(732,461)	(732,461)
Operating profit/(loss) before working capital changes	(32,972,539)	(8,030,150)
Working Capital Changes		
(Increase)/decrease in inventories	(201,073)	(7,192,437)
(Increase)/decrease in trade and other receivables	(4,217,692)	(5,412,597)
Increase/(decrease) in trade and other payables	39,841,368	30,985,113
Increase/(decrease) in customers deposit	635,000	950,930
Cash generated from/ (used in) operations	3,085,064	11,300,859

Other Disclosures

37. 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.

Other related parties include:

- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WRA
- Water Sector Trust Fund
- Key management
- Board of directors
- Nairobi Water

Transactions with related parties

(A) Athi Water Works and Development Agency		
Balances brought forward	15,541,893	15,541,893
Administrative Fee payable to AWSB	-	-
Balance Carried down as at 30th June	15,541,893	15,541,893
(B) Nairobi Water & Sewerage Company		
Balances brought forward	188,727,458	162,265,702
Bulk water purchases	22,581,120	26,461,756
Balance Carried down as at 30th June	211,308,578	188,727,458
(C) Water Services Regulatory Board		
Balances brought forward	12,195,734	10,474,840
Regulatory levy payable to WASREB	1,884,943	1,720,894
Payments during the year	-	-
Balance Carried down as at 30th June	14,080,677	12,195,734
(D) Water Resources Authority		
Balances brought forward	3,489,794	3,189,964
Water use charges payable to WRA	609,911	299,830
Payments during the year	-	-
Balance Carried down as at 30th June	4,099,705	3,489,794
(E) Grants from the Government		
Grants from County Government of Kiambu	6,247,287	28,251,829
Total	6,247,287	28,251,829
(F) Board & Key Management		
Board allowances	2,949,796	2,912,650
Remuneration of key Management	6,349,018	3,483,923
Total as at 30th June	9,298,814	6,396,573

38. Capital Commitments

There was no capital commitment at the end of the reporting period.

39. Contingent Assets and Liabilities

Contingent Assets There was no contingent asset during the financial year

Contingent Liabilities

CASE NUMBER	PARTIES INVOLVED	DATE CASE STARTED	MATTER AT HAND	STATUS
Civil Appeal No 79 of 2014	GIWASCO & Beatrice Njeri Kamau & 2 others	1 st September 2009	Customer arrested and prosecuted over Illegal water connection. Claimed the arrest was malicious	Case determined and GIWASCO ordered to pay general damages amounting to Kshs. 3.3million.
ELRC 2208 of 2012	GIWASCO & Robert Njenga	2012	Unfair termination	Case still not determined
MLSS/LD/IR/4/7/2016	Samuel Gachanja Ndungu & others Vs GIWASCO	July 2016	Unfair termination of Samuel Ndungu and Charles Kaindo	Matter heard by a conciliator who gave recommendations in favor of the terminated staff. The Court ruled in favor of Givasco but to pay the staff their termination dues

Case PMCC No 40 of 2012. Which was ruled against us requires us to pay a Sum of Ksh.3.3 million this has a significant impact on the financial statements for the year ended June 30, 2024. A Garnishee order was issued halting the company operations. Our main Revenue account 1134860803 at KCB remain frozen in the reporting period.

In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.

40. Financial Risk Management

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

(i) Credit risk

	ASSETS	LIABILITIES		
As at 30 June 2024				
Receivables from billing to customers transactions	89,869,440	56,009,234	33,860,206	-
Receivables from other transactions	1,917,573	1,917,573		-
Bank balances	17,114,220	17,114,220		-
Total	108,901,233	75,041,027	33,860,206	
As at 30 June 2025				
Receivables from billing to customers transactions	94,017,911	59,950,281	34,067,630	-
Receivables from other transactions	1,986,794	1,986,794		-
Bank balances	11,283,347	11,283,347		-
Total	107,288,052	73,220,422	34,067,630	

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

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

ii) Liquidity risk management

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

(iii) Market risk (Continued)

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Company manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

c) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises from interest rate movements on the company's deposits.

i) Management of interest rate risk

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

ii) Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii)** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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 gearing ratio is as tabulated below.

	2024-2025	2023-2024
Trade and other payables (note 14)	276,304,226	236,462,858
Less: cash and short-term deposits	11,283,347	17,114,219
Net debt	265,020,879	219,348,639
Equity	110,403,219	105,279,409
Gearing ratio	2.40	2.08

41. Incorporation

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

42. 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 auditor's report	Issue/ observations from auditor	Management comments	Status (Resolved/Not Resolved)	Management's corrective action/ other relevant disclosures
Basis for Qualified Opinion 1	Unsupported And Long Outstanding Trade And Other Receivables	The aging analysis in contention was previously provided via Email.	Resolved	
2	Inaccuracies in Financial Statements 2.1 PPE	Under the accrual basis of accounting, the addition of assets in (PPE) on the balance sheet does not always match the additions reflected in the cash flow statement because of several reasons one being timing differences. Timing Differences The cash flow statement reflects actual cash transactions during the period. The PPE additions on the balance sheet include all additions, whether paid for in cash or acquired on credit over the different periods.	Resolved	
	2.2 Trade Receivables Opening Balances	The balances were adjusted to correct misstatement of prior years' balances with a journal which was authorized.	Resolved	

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Reference to an item in the external audit Report	Issue/Observations from auditor	Management comments	Status (Resolved/Not Resolved)	Expected date of completion of the issue (to be resolved)
3	Long Outstanding Trade and Other Payables	With the completion of Kiameru Treatment works which will inject an additional 1,500m ³ to our network, the company will be able to bring on board additional 2,000 customers which will in turn boost our revenues. The project will still enable the organization to reduce costs attributable to Nairobi water offtakes which accounts to 30 % of our operation cost by decommissioning some of the offtakes.	Not Resolved	Work in progress
4	Lack of Land Ownership Documents	Records held with the registrar of companies indicate that the company is wholly owned by the County Government of Kiambu who own the land where the company is located.		In progress
5	Unsupported Prior Year Adjustments	A journal entry was authorized to support the adjustments.	Resolved	
Basis of conclusion 1.	Unaccounted for Non-Revenue Water (NRW)	Measures put in place to reduce NRW include: 1) Dedicated NRW Unit 2) Training the team on the NRW components through the twinning program with Danida on August 2024. 3) Customer identification survey was done. 4) Replacement of old consumer meters and partial line	Not Resolved	In progress

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Reference No. of the external audit report to report	Issue/ Observations from Auditor	Management Comments	Status (Resolved/Not Resolved)	Management's response to the issue/ observations
		rehabilitation of aging pipeline infrastructure 5) All connections that are disconnected for a long time disconnected from the main line to reduce self-reconnections. 6) Relocation of meters to approximate 1metre to the main line to reduce bypass and water theft.		
2	Non-Compliance with Affirmative Action on Gender, Ethnic Diversity and National Cohesion	The Company has made efforts to improve the workforce composition through the recruitment and selection process where the one-third rule has been observed. Nation-wide advertisements of jobs are also being done by placing the adverts in nation-wide newspapers to show commitments to diversity and gender equality in the Company. The company also provides opportunity to all when it comes to employment.	Partially Resolved	In progress
3	Non-Compliance with SRC-Approved Salary Structure	The management operates from a structure approved by the Board and align our structure with SRC advisory.	Partially Resolved	In progress
4	Unsustainable Wage Bill	The Management is also guided by Wasreb guidelines in regard to the sector benchmark of staff costs of which we are within the acceptable range. Our staff costs reflects Ksh.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		24,591,931 against total operation costs of Ksh.83,078,083 this translates to 29.6% which is within range as per the guidelines. The company provides opportunity to all when it comes to employment.		

Francis Kahuha

Managing Director

Date.....

Appendix II: Proposed and Ongoing Projects to improve the Company Performance.

To enable us improve water supply provision and to bridge the water demand gap, the company have the following projects which are geared to improve the performance of the company in terms of revenue generation, increase water coverage, reduce operational costs, improve efficiency and reduce non-revenue water which is one of our major challenges. Going concern will also be addressed by implementation of these projects since the company will improve its revenue and start operating on surpluses.

1. Danida Project

Currently at the design stage, this comprehensive project includes the construction of a water treatment plant with a production capacity of 7,000 cubic meters per day, a 139 km water pipeline, a sewerage treatment plant capable of treating 5,000 cubic meters of wastewater per day, a 79 km sewer pipeline, an office block, storage tanks, and NRW reduction equipment.

2. Komothai Intake 2

With a production capacity of 4,500 cubic meters per day, this project involves the operationalization of the second intake. Pending works include power connection and the installation of water pumps to replace those that were vandalized.

3. Kiambururu–Kwa Maiko Extension

This extension project will supply gravity-fed water to Kwa Maiko town and the surrounding areas along the Kiambururu–Kwa Maiko route. It will optimize the use of Gatamaiyu Treatment Works while reducing bulk water purchases from Nairobi City Water and Sewerage Company Ltd. The works involve laying 5 km of new pipeline.

4. Mweji–Komothai Rehabilitation

This rehabilitation project aims to optimize the recently constructed Kiameru Treatment Plant by restoring the distribution line to Lower Nyanduma and Komothai Ward, which was damaged during road construction. The works include laying 15 km of distribution pipelines (3-inch, 2-inch, and 1-inch diameters). The rehabilitation will facilitate the reactivation of more than 2,000 customer accounts that have been disconnected since 2021.

5. Kambara Line Rehabilitation

This project will enhance the pipeline network in Kambara Village and its environs through the replacement of 6 km of the existing distribution network. The improvements will increase supply reliability and reduce leakages in the area.

Appendix III: Assets listing which we don't own but we manage to generate revenues.

We manage the following assets to generate revenue. All these assets do not belong to us, and we don't have ownership documents like title deeds, logbooks or allotment letters.

County Government of Kiambu, Athi Water Works Development Agency and Ministry of Water are in the process of resolving the issues of ownership and transfer of ownership.

OFFICE BLOCKS					
S. N O.	LOCATION	L. R. NO.	OWNERSHIP	STATUS	REMARKS
1	WITHIN GITHUNGURI POLICE STATION	GITHUNGURI/GIT HUNGURI/LR 405	CGK	Developed	Office
2	WITHIN KEREITA FOREST		CGK	Developed	Treatment works Gatamaiyu
3	GITHIGA		CGK	Developed	Sanitation Block Done by WSTF
4	KWAMAIKO		CGK	Developed	Sanitation Block Done by WSTF

TREATMENT PLANT, BOREHOLES AND THEIR SITES						
S. NO.	LOCATION	STATUS	OWNERSHIP	PHYSICAL LOCATION		
DEFUNCT LOCAL AUTHORITIES						
DEVOLVED FUNCTIONS OF THE NATIONAL GOVERNMENT				LONGITUDE	LATITUDE	PLACE
1	GITHUNGURI 1- B/HOLE SITE	Developed	CGK	36 777426443	-1 057334480	GITHUNGURI
2	GITHUNGURI 2- B/HOLE SITE	Developed	CGK	36 777413340	-1.057357628	GITHUNGURI
3	GITHUNGURI 3-B/HOLE SITE	Developed	CGK	36 778058330	-1 058452500	GITHUNGURI
4	THAKWA B/HOLE SITE	Developed	CGK	36 762587500	-1 063121667	THAKWA
5	KIAIRIA B HOLE SITE	Developed	CGK	36 787723333	-1 067471667	KIAIRIA
6	KIANJOGU B/HOLE SITE	Developed	CGK	36 805137780	-1 070459722	KIANJOGU
7	GIATHIEKO B HOLE SITE	Developed	CGK	36 826465000	-1 089200000	GAKOE
8	KIRATINA B/HOLE SITE	Developed	CGK	36 846009270	-1 053069250	KIRATINA
9	MIHUKO B/HOLE SITE	Developed	CGK	36 849559720	-1 060086389	MIHUKO
10	GITOMBO B/HOLE SITE	Developed	CGK	36 819616940	-1 044101667	GITOMBO
11	MARIGE B/HOLE SITE	Developed	CGK	36 866715040	-1 081078620	MARIGE
12	GATHAITHI B/HOLE SITE	Developed	CGK	36 769669440	-1 097914444	IKINU
13	GITHA B/HOLE SITE	Developed	CGK	36 684830777	-1 062455585	KAMBAA
14	KIAWAIGURU B/HOLE SITE	Developed	CGK	36 849576127	-1 060092755	KOMOTHAI
15	MATIMBEI DAM SITE	Developed	CGK	36 665653913	-1 016365908	MATIMBEI
16	KOMOTHAI TREATMENT WORKS	Developed	CGK	36 689599770	-0.978932744	GATAMAIYU
17	UPPER GITHIGA WATER INTAKE	Developed	CGK	36 679479000	-1 079888000	GITHIGA
18	MUKUYU DAM	Developed	CGK	36 723024000	-1 073959000	MUKUYU
19	MIGUTA PUMPING STATION SITE	Developed	CGK	36 824803397	-1 070932388	MIGUTA

MOTOR VEHICLES						
No	Registration No.	Engine No.	Chassis No.	Color	Model	Ownership
1	KBG 963C	QD32276936	JNICJUD22Z0097871	WHITE	NISSAN	Under Athi Water
2	KBJ 676E	QD322664818	JNICJUD22Z0093799	WHITE	NISSAN	Under Athi Water
3	KDG 635C			BLACK	TOYOTA	Under Athi Water
4	KBY 409Q	2KD-A405744	AHTFFRR22GX0608 4110	GREY	TOYOTA	Under Athi Water

ICT EQUIPMENT, COMPUTERS AND COMPUTER ACCESSORIES						
No	Name	Serial No.	Type	Make	Condition	Remarks
1	DESKTOP	26419273453	DEL	DEL	WORKING	AWWDA
2	PRINTER	AGJ3146461	KYOCERA	KYOCERA	OBSOLETE	AWWDA
3	SERVER	C28408948723			WORKING	AWWDA
4	DESKTOP	26419273453	DELL	DELL	WORKING	AWWDA
5	PRINTER		HP	HP	OBSOLETE	AWWDA
6	DESKTOP	RF1203455	DELL	DELL	WORKING	AWWDA
7	UPS				OBSOLETE	AWWDA
8	UPS				OBSOLETE	AWWDA
9	DESKTOP	AWSBC150085	DEL	DEL	OBSOLETE	AWWDA

