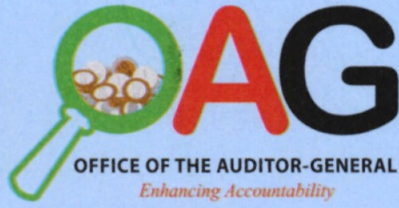


REPUBLIC OF KENYA



130

REPORT

OF

THE AUDITOR-GENERAL

ON

KIAMBU WATER AND SEWERAGE COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
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**KIAMBU WATER & SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents:

1. Acronyms and Glossary of Terms	iv
2. Key Entity Information	v
3. The Board of Directors	viii
4. Key Management Team	xi
5. Chairman’s Statement	xiii
6. Report of the Managing Director	xiv
7. Statement of Performance Against Predetermined Objectives for FY 2024/2025	xvi
8. Corporate Governance Statement	xviii
9. Management Discussion and Analysis	xxi
10. Environmental and Sustainability Reporting	xxvii
11. Report of The Directors	xxx
12. Statement of Directors’ Responsibilities	xxxii
13. Report of the Independent Auditors for the financial statements of Kiambu Water & Sewerage Company Limited.	xxxii
14. Statement of Profit or Loss & Other Comprehensive Income for The Year Ended June 30, 2025.	1
15. Statement of Financial Position as at June 30, 2025.....	2
16. Statement of Changes in Equity for The Year Ended June 30, 2025.	3
17. Statement of Cash Flows for The Year Ended June 30, 2025.	4
18. Statement of Comparison of Budget & Actual Amounts for The Period Ended June 30, 2025 .	5
19. Notes to The Financial Statements	8
20. Appendices.....	33
1. Appendix 1: Progress on follow up of auditor recommendation	33
2. Appendix 1: Projects Implemented by the company funded by development partners	43

1. Acronyms and Glossary of Terms

a. Acronyms

KIAWASCO	Kiambu Water & Sewerage Company Limited
ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
BOD	Board of Directors
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
WSTF	Water Sector Trust Fund
NCWSC	Nairobi City Water and Sewerage Company Limited
AGM	Annual General Meeting
AWWDA	Athi Water Works Development Agency
FRP	Financial Recovery Plan
NRW	Non-Revenue Water
WRA	Water Resource Authority
KEWI	Kenya Water Institute
KCG	Kiambu County Government
HDPE	High Density Polyethylene Pipe
PAYE	Pay as You Earn
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
SHIF	Social Health Insurance Fund

b. Definition of Key Terms

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

Comparative Year- Means the prior period.

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information

Background Information

Kiambu Water & Sewerage Company Ltd (KIAWASCO) was incorporated under the Companies Act (Cap. 486) in 2004. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya.

Principal Activities

The principal activity of Kiambu Water and Sewerage Company is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County. The company's vision is "To be the leading provider of water & sewerage services in Kenya" and her mission is "To provide quality, affordable and sustainable water & sewerage services through efficient and effective utilization of resources in an environmentally friendly manner and to meet and exceed the expectations of our customers & other stakeholders. In order for the company to achieve its objectives its guided by the following core values: Integrity, Teamwork, Commitment, Professionalism, Accountability, Equity and Creative innovation.

Directors

The directors who served the company during the year ended June 30th 2025 were as follows;

- | | | |
|------------------------------|----------------------------------------|----------------------------------------------------------------------------------------|
| 1. Prof. Bernard Njoroge | – Board Chairman | – Appointed on 12/04/2018 and retired in April 2025. |
| 2. Jennifer Kanini Musyoki | – Chief Officer | – County Government of Kiambu Representative retired in February 2025. |
| 3. Jacqueline Wangari Murigi | – Company Secretary- | – Appointed in April 2023 |
| 4. Shadrack Ndiritu Waweru | – Independent Board Member | – Appointed on 10 th June 2024.
– Chairman, Audit & Compliance Committee |
| 5. Grace Wanjiru Njuguna | – Independent Board Member | – Appointed on 10 th June 2024.
– Low-income areas representative. |
| 6. Zacharia Karanja Gitau | – Board Member | – County Government of Kiambu Representative
– Appointed on 14/02/2022. |
| 7. Edmund Njoroge Muhia | – Chief Officer (current water) | – County Government of Kiambu Representative
– Appointed in February 2025. |
| 8. Isaac Ndiritu | – Alternate Director to Chief Officer. | – County Government of Kiambu Representative
– Appointed on 18/09/2024 |

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Corporate Secretary

Muriithi Wanjau,
Wanjao Wanjau & Mwangi Advocates
P.O Box 14715- 00100
Nairobi, Kenya

Registered Office

Ministry of Water and Irrigation Offices,
Off Biashara Street, Kiambu Town.
P.O. Box 409-00900,
Kiambu, Kenya

Corporate Headquarters

Ministry of Water and Irrigation Offices,
Off Biashara Street, Kiambu Town.
P.O. Box 409-00900,
Nairobi, Kenya

Corporate Contacts

Tel: 020 2133977; 0716 452238
Email: kiwasco.water@gmail.com; info@kiambuwater.com
Website: www.kiambuwater.com

Corporate Bankers

Post Bank- Kiambu branch
Head Office
P.O. Box 30311-0100
Nairobi, Kenya

Family Bank- Kiambu branch
Head Office
P.O. Box 74145-00200
Nairobi, Kenya

National Bank of Kenya
Kiambu Branch
P.O. Box 2090-00900
Kiambu, Kenya

Equity Bank-
Kiambu branch
P.O. Box 783-00900
Kiambu, Kenya

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Safaricom M-Pesa money transfer service
Paybill No. 885100

Kenya Commercial Bank-
Kiambu branch
P.O. Box 81-00900
Kiambu, Kenya

Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

Principal Legal Advisers

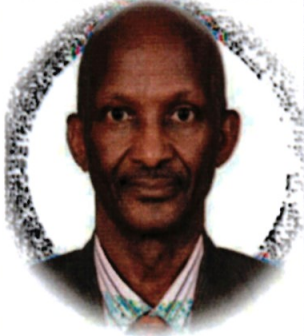
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors

	<p>1.Name: Prof. Eng. Bernard Njoroge 2.Position: Independent Board Chairman 3.Date of Birth: 1956 4.Date of Appointment: 2018 5.Date of retirement: April 2025 6.Qualification: Ph. D Duke University (U.S.A); M.Sc. New Castle Upon Tyne (U.K); B.Sc.(U.O.N.), Civil Engineering Eng.; M.I.E.K. 7.Work Experience: DVC Finance University of Nairobi, U.O.N Professor Faculty of Engineering from year 2002</p>
	<p>1. Name: Jennifer Kanini Musyoki 2. Position: Executive Director 3.Date of Birth: 29th July 1984 4.Date of Appointment: 29th July 2020 5.Date of retirement: February 2025. 6.Qualification: MBA (Strategic Management); BSc Civil Engineering 7.Work Experience: Previously worked as a Water & Sanitation Engineer in planning and design of urban and rural water and sanitation infrastructure; formulating national and county government water and sanitation policies, strategies and plans; conducting out technical assessments, socio-economic studies and surveys with H.P. Gauff Ingenieure, GIZ International Water Stewardship programme and Authentic Living Int. Co. Ltd. Currently working as the Chief Officer in the Department of Water, Environment, Energy and Natural Resources.</p>
	<p>1. Name: Shadrack Ndiritu Waweru 2. Position: Independent Director (Chair of the Audit & Risk Compliance Committee) 3. Date of birth: 13/12/1980 4. Date of appointment: 10th June 2024 5. Qualifications: Master in Business Administration - Strategic Management (Management University of Africa), Bachelor of Commerce degree in leadership management (Management University of Africa), Executive degree in Business Management (Management University of Africa), Diploma in Professional Marketing (CIM-UK), Diploma in Insurance (College of Insurance), Diploma in Business Management (KIM). 6. Membership of professional bodies: Marketing Society of Kenya (MSK), Associate Chartered Institute of Marketing (CIM), Insurance Institute of Kenya(AIIK). 7. Work experience: Over 20 Years of working experience in Strategic planning & Marketing management at Madison Insurance, Kenya Alliance, Saham Assurance, Gateway Insurance, Sakara Insurance, Invesco Insurance and BlueShield Insurance.</p>

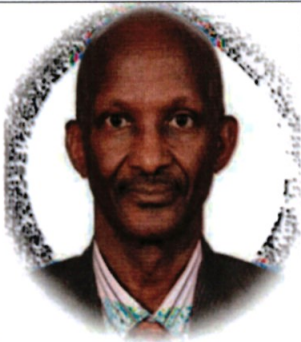
Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

	<p>1. Name: Grace Wanjiru Njuguna 2. Position: Independent Director (Low income areas representative) 3. Date of birth: 27th May 1990 4. Date of appointment: 10th June 2024 Qualifications: Bachelor Degree in Psychology and Sociology (University of Nairobi) 5. Work experience: Previously worked as a facilitator in development and implementation of CLA, Camara Learning Academy, a virtual learning academy for teachers' continuous development in ICT. Monitor progress of project through school visits and follow up which provided feedback that help achieve project objective.</p>
	<p>1.Name: Zacharia K. Gitau 2.Position: Executive Director 3.Date of Birth: 01-07-1978 4.Date of Appointment: 2022 5.Qualification</p> <ul style="list-style-type: none"> • Strategic Leadership Development Program • Senior Management Course • Certified Public Accountant of Kenya-CPA(K) • Bachelor of Commerce (Finance Option) <p>6.Work Experience-Accounting and Finance experience spanning from 2003.</p> <ul style="list-style-type: none"> • 2021 – Chief officer in charge of Revenue, Supply Chain Management and ICT- Kiambu County Government. • 2020-Chief officer in charge of Trade and Industrialization- Kiambu County Government • 2013- Accountant at the National Treasury where the current reporting framework was introduced and was part of team that introduced IPSAS in the public Sector entities. Team leader for SAGAs reporting on IPSAS Accrual and IFRS. • 2009 as an Accountant at Ministry for Special Programs.
	<p>1. Name: Edmund Njihia Njoroge 2.Position: Executive Director 3.Date of Birth: 18/03/1976 4.Date of Appointment: 5.Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Environmental Studies (Science), 2nd Class Honours –Upper Division, Kenyatta University, 1996-2000 • Advanced Diploma in Purchasing & Supply Management, Chartered Institute of Purchasing & Supply (CIPS), May 2007-December 2008

	<ul style="list-style-type: none"> • NEBOSH International Technical Certificate in Oil and Gas Operational Safety. <p>6. Experience</p> <ul style="list-style-type: none"> • Chief Officer - Department of Water, Environment, Energy and Natural Resources. • December 2014 – March 2015: - HSE Advisor at Royal Oilfield Logistics Services & Supplies Limited(ROLSS) • January 2014 to December 2014: - Consultant Trainer affiliated to Mile-view College /ABSQE Africa, Nairobi) • April 2011-December 2013: -Procurement Manager Tea- (Shipment and Logistics); Unilever Kenya Limited Tea Division Mombasa; • July 2004-March 2011: -Safety, Health, Environmental, Quality (SHEQ) Officer, Unilever Kenya Limited, Mombasa. • October 2001-March 2003: -Environmental Management Coordinator; Home-grown (K) Ltd, Flamingo Farm Naivasha.
	<ol style="list-style-type: none"> 1. Name: Mr. Boniface Mbugua Kabue 2. Position: Managing Director 3. Area of Training: Bachelor of Science in Animal Production, Master of Business Administration (Finance Option), Certified Public Accountant (CPA-K). 4. Age: 53 Years 5. Working experience: Ministry of Livestock; Kenya Wildlife Service; Kenya Land Alliance; Kiambu Water and Sewerage Company.
	<ol style="list-style-type: none"> 1.Name: Muriithi Wanjau 2.Position: Company Secretary, 3.Qualification: <ul style="list-style-type: none"> • MA in Communication, Daystar University (Ongoing) MBA in Strategic Management, Daystar University, LL. B, University of Bombay, Diploma in Law, Kenya School of Law, B. Com, Jabalpur University, • Certified Professional Mediator Notary Public Commissioner of Oaths Patent Agent Company Secretary, Institute of Certified Public Secretaries of Kenya (ICPSK) – Fellow <p>Work Experience:</p> <ul style="list-style-type: none"> • Senior Partner, Wanjao Wanjau & Mwangi Advocates LLP (2023 – Present), • Partner, Wanjao & Wanjau Advocates (1992 – 2023)

4. Key Management Team

	<p>Managing Director: Name: Mr. Boniface Mbugua Kabue Area of Training: Bachelor of Science in Animal Production, Master of Business Administration (Finance Option), Certified Public Accountant (CPA-K). Age: 53 Years Working experience: Ministry of Livestock; Kenya Wildlife Service; Kenya Land Alliance; Kiambu Water and Sewerage Company.</p>
	<p>Technical Manager: Name: Ms. Beth Wanjiru Muigai Area of Training: Bachelor of Science in Water and Environmental Engineering; Master of Business Administration (Strategic Management Option). Age: 43 Years Working experience: Western Water Services Company; Kiambu Water and Sewerage Company.</p>
	<p>Finance Manager: Name: Gideon K. Ndichu Area of Training: Bachelor of Commerce (Finance Option), Certified Public Accountant (CPA-K). Age: 41 Years Working Experience: Africa Harvest Biotech Foundation International, Bradegate Poultry Industries and Kiambu water & Sewerage company Ltd.</p>
	<p>Procurement Manager: Name: Collins Maina Area of Training: Bachelor of Commerce (Marketing), Foundation Diploma – Chartered Institute of Purchasing and supply UK Age: 38 Years Working Experience: Ministry of health (Kenya National blood transfusion service), Kiambu water and Sewerage Company Ltd</p>
	<p>Commercial Manager: Name: Joachim K. Wambuku Area of Training: Bachelor of Business management, Certified Public Accountant (CPA – K), Diploma in Business management. Age: 43 Years Working Experience: Water blue Ltd, Kilele Shuttle Ltd, Elysian Consultants Ltd, Kiambu Water and Sewerage Company Ltd.</p>



1. **Name:** Muriithi Wanjau
2. **Position:** Company Secretary,
3. **Qualification:**

- MA in Communication, Daystar University (Ongoing) MBA in Strategic Management, Daystar University, LL. B, University of Bombay, Diploma in Law, Kenya School of Law, B. Com, Jabalpur University,
- Certified Professional Mediator | Notary Public | Commissioner of Oaths | Patent Agent | Company Secretary, Institute of Certified Public Secretaries of Kenya (ICPSK) – Fellow

Work Experience:

- Senior Partner, Wanjao Wanjau & Mwangi Advocates LLP (2023 – Present),
- Partner, Wanjao & Wanjau Advocates (1992 – 2023)

5. Chairman's Statement

The Company played a critical role in the provision of clean, safe water and sewerage services to the residents of Kiambu Sub county and its environs during the year 2024/2025 where there was a notable growth in customer's base as a result of additional new connections both for sewer and water during the year.

During the year the company managed to maintain the NRW at 32% but is increasingly carrying out interventions to ensure that the NRW is reduced to a recommended level of 25%. This has ensured consistent supply of water to our consumers strive to maintain high levels of customer satisfaction. We also make a commitment to continuously improve on service delivery to our customers. We also call upon our customers to continue supporting the company through feedback and timely payment of water bills.

During the year 2024/2025 the company supplied the customers with hash avocados as part of Corporate Social Responsibility and environmental conservation, the company also supported families living with cerebral palsy with food and sanitary materials.

We are committed to offer efficient water and sewerage services to our customers through the improvement and extension of water and sewerage infrastructure. We are continuously developing plans, and sourcing financial support for their implementation.

The company is faced with challenges of high NRW which is currently at 32% against the required 25% as recommended by the regulator. The company also faces challenges of high cost of production inputs, vandalism of infrastructure, and lack of capital for infrastructure development as well as capital for replacement of old and dilapidated pipelines. Our outlook into the future shows increased water and sewer coverage, improved access and coverage and sustainability of the environment from which we draw our water resources.

We acknowledge the cordial relations and good working relationship between the company and key stakeholders like the County Government of Kiambu, Water Services Regulatory Board, Athi Water Works Development Agency, and other partners.

Our staff members have continued to play a pivotal role in ensuring that we meet our set goals. I most sincerely thank them and urge them to continue serving the company with diligence.

Shadrack Ndiritu Waweru



Chairman - BOD

6. Report of the Managing Director

Kiambu Water & Sewerage Company Ltd (KIAWASCO) was incorporated under the Companies Act (Cap. 486) in 2004 and is an appointed agent of The County Government of Kiambu to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County. The population for the service area is currently estimated at 162,500 residents where 133,250 residents are served by the company. Our sources of water are 12 Boreholes, Riara and Kamiti surface water sources and one sewerage treatment plant. The total water production per day is approximately 9,200 m³ against a demand of 15,000 m³ per day. The water production is supplemented by supply from Nairobi City Water and Sewerage Company Ltd.

We also have 12 self-help water projects & several individual borehole owners who supplement the water supply to our esteemed customers. Currently, Water Service Coverage (% of population Served with clean & safe drinking water) is at 82%. The year saw progressive growth in the number of customers, water sales revenue, and coverage. The company used internally generated resources to extend water supply networks in underserved areas.

The company has achieved an increase in production by 3% from 3,429,884 in the year 2023/2024 to 3,536,533 during the year 2024/2025. There was an increase in billing by 15% during the year in comparison with the year 2023/2024. This was as a result of additional 624 new connections i.e. increase in number of consumer connections from 12,348 (2023/2024) to 12,972 (2024/2025).

During the year the company recorded a net surplus of Kshs. 5,380,258 (2024/2025) as compared to the Kshs. 24,880,482 (2023/2024) which is a decline by 78%. During the year 2023/2024 the company received grant income of Kshs. 20,927,822 whereas during the year 2024/2025 the company had no grant income thus the cause of decline.

The company aims at continuously carrying out interventions aimed at reducing the NRW high levels to all the areas within its jurisdiction all aimed at reducing the amount of water lost for efficient service delivery. The company maintained the NRW level at 32%.

The realisation of the company's targets has been hampered by lack of funds to develop infrastructure, inadequate water supply, high levels of non-revenue water, and high operational costs.

The company is in a continuous engagement Athi Water Works Development agency to be supplied with 5000m³ bulk water for resale in Kirigiti, Riabai and Kiamumbi areas from a proposed offtake on Karimenu treated water mains and 7000 cubic meters per day to serve areas of Thindigua. This will lead to increased water coverage as well as increased in revenues for the company.

The company recognises the need for sustainable environmental conservation to secure water sources where company was involved in mapping and marking the Kamiti riparian area in effort of conserving the Kamiti river which is major source of water that is treated and supplied in Kiambu sub county. The company is also planted 40,000 indigenous and bamboos seedlings, donated 2,800 avocado seedlings to staff and community totalling to 42,800 seedlings all aimed towards environmental conservation.

As we look into the future, we hope to attain 90% water coverage, 42% sewerage coverage and 24-hour water access over the next five years.

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

We appreciate the critical role played by our customers, shareholders and partners in actualising the objectives of the company.

Boniface Mbugua Kabue



Managing Director

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

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

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government company's performance against predetermined objectives.

Kiambu Water & Sewerage Company Limited has 10 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2024/2025. These strategic pillars are as follows:

- Pillar 1: Water Service Coverage
- Pillar 2: Sewerage Coverage
- Pillar 3: Water Quality
- Pillar 4: Hours of Supply
- Pillar 5: Personnel Expenditure in comparison to total O & M cost
- Pillar 6: O & M cost coverage
- Pillar 7: Revenue Collection Efficiency
- Pillar 8: Unaccounted for water
- Pillar 9: Staff Productivity
- Pillar 10: Metering Ratio

Kiambu Water & Sewerage Company Limited develops its annual work plans based on the above 10 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Out of KIAWASCO performance targets set for the FY 2024/2025, the company achieved the following:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Water Service Coverage (% of population Served with clean & safe drinking water)	To attain 90 % water coverage from the current 84.5%	>90%	Increase connectivity to un served and underserved areas	84.5 %
Sewerage Coverage (% of population with adequate Sanitation Facilities)	To attain 42% sewerage coverage from the current 25%	50%	Increase sewerage connectivity. This will be fully achieved when the Kiambu Ruaka Sewerage system is fully implemented.	25%
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	94%
Hours of Supply (Total Hours of Supply per month/30 days)	To attain 24 Hours of Supply from current 19 Hours.	>22 Hours	Increasing water production.	19 Hours
Personnel Expenditure as a percentage of O & M cost	To attain 30 % from the current 34%	<20%	Increase in water and sewerage distribution networks.	34%

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
O & M Cost Coverage %	To attain 110 % from the current 104%.	>150%	Increase in number of connections so as to increase on the monthly billing.	104%
Revenue Collection Efficiency	To attain 96 % collection efficiency from the current 91%	>95%	Disconnection of non-paying customers as well as issuing them with payment demand letters.	91%
Unaccounted for water (Water Produced/ Water Billed)	To attain a 25 % NRW for the current 32%	<25%	Replacement of dilapidated pipeline infrastructure, replacement of old consumer meters.	32%
Staff Productivity (Staff per 1000 connections) no.	To attain a staff productivity of 5 employees per 1,000 connections.	<5	Increase the number of active water & sewerage connections.	6
Metering Ratio (Number of metered and operational ratios/ total number of connections)	To retain a meter ratio of 100%	100%	Ensuring all new connections are metered	100%

8. Corporate Governance Statement

Kiambu Water and Sewerage Company is a semi-autonomous company in accordance with the provisions of the Water Act 2002. The company is governed by a Board of Directors (BOD). Below the BOD, is the Managing Director (MD), followed by the top - management who are the departmental heads. This is followed by other members of staff. The BOD including the MD have signed a Code of Conduct and the tenets therein, are adhered to as appropriate.

The BOD is directly accountable to the shareholders and every year the company holds an annual general meeting (AGM), the directors provide a report to shareholders on the performance of the company and its future plans. The objects of the company are defined in the Memorandum of Association and regulations are laid out in the Articles of Association. The board of directors' key purpose is to ensure the company is meeting its obligations by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, the BOD deals with challenges the company is facing, and issues relating to corporate governance, corporate social responsibility and corporate ethics.

The BOD is appointed the County Government of Kiambu and can be removed from the office as a result of the following:

- a. Gross misconduct;
- b. Incompetence or neglect of duty;
- c. Inability to perform their respective duties arising from physical or mental incapacity;
- d. Adjudication of bankruptcy;
- e. Violation of the code of conduct or ethics from public servants;
- f. Conviction of criminal or other offences whose penalty exceeds an imprisonment for a term of six months;
- g. Insubordination of the directives issued from the responsible Department of the County Government, including violation of the County Government policies and or legislation relating to water matters; and
- h. The necessity for changes in the Board to comply with Constitution or any changes in any laws, both at National or County Government.

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Below is a schedule of the Board meetings held during the year;

	Name										ATTENDANCE	
		25/07/2025	22/08/2024	05/09/2024	19/09/2024	03/12/2024	13/01/2025	25/02/2025	08/05/2025	12/06/2025	Days Present	Days Absent
1	Prof. Bernard Njoroge	√	√	X	√	√	X	√	X	X	5	4
2	Grace Wanjiru Njuguna	√	√	√	√	√	√	√	√	√	9	0
3	Shandrack N. Waweru	√	√	√	√	√	√	√	√	√	9	0
4	Daniel Kirathe	√	X	X	X	X	X	X	X	X	1	8
5	John Kinuthia	√	X	X	X	X	X	X	X	X	1	8
6	Zachary Gitau	X	√	X	X	X	√	√	X	X	2	7
7	Jennifer Musyoki	X	√	√	X	X	X	X	X	X	3	6
9	Isaac N. Ndirangu	X	X	X	√	√	X	√	√	√	5	4

The duties and role of the Board of Directors are as stipulated in the Board Charter which includes the following:

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

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

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

The remuneration of Directors is determined by the annual general meeting within the maximum approved by shareholders guided by the Government of Kenya Regulations (Water Services Regulatory Board) from time to time. The Chairman will be paid a monthly honorarium of Kshs. 46,000/-, monthly telephone allowance of Kshs. 10,000/-. The Chairman will be paid a sitting allowance of Kshs. 25,000 while attending Board meetings and other functions, workshops and trainings sponsored by the Company. While attending a meeting or such function within Kiambu County and its environs, the Chairman will be paid a lunch allowance of Kshs. 3,000 and transport allowance of Kshs. 2,000/-. Directors will be paid a sitting allowance of Kshs 20,000.00 while attending Board and committee meetings, and other functions, workshops and trainings sponsored by the Company. Where the meeting or function is within Kiambu County, the Directors will be entitled to a lunch allowance of Kshs 3,000.00 (where no lunch is provided) and transport allowance of Kshs 2,000.00.

9. Management Discussion and Analysis

Kiambu Water & Sewerage Company Limited management discussion and analysis provides an overview of the Company's financial and operational activities for the year ended June 30, 2025. The discussion also comprises of comparative performance for the last five years the current year being inclusive. Below are management discussions in relation to:

a) Projects:**FY 2024/2025 ONGOING PROJECTS:**

- i) Intensify water supply networks in Ndumberi Ward by extension of assorted 9.6km assorted diameters HDPE water supply networks from Ngegu to Turitu, construction of 4No each 10m³ storage tanks elevated on a 18m³ steel tower, supply of 375units 15mm consumer meters. The total of this project was KSH 11,105,215.00 was successfully implemented by Kiambu County Government in FY 2425. There are 86 new water connections realised after successfully completion of this project
- ii) Increase sewer coverage in Kiambu Sub-County from the current 12% to 20% by completion of the on-going AfDB sewerage project ie Kiambu – Ruaka sewerage project by Athi Water Works Development Agencies. The project cost is 875Million Kenyan shillings. There are 482 new sewer connections from the project (Thindigua 153, Kiamumbi 152, Kirigiti 132 and Kiambu town 45).
- iii) Procurement of a contractor to upgrade 7km existing water networks at a cost of KSH 3,516,600/=, extend 16km assorted diameters at a cost of KSH10, 989,075/=. This is a conditional grant envisaged to improve the company's Operational Cost Coverage Ratio from the current baseline of 99% to 102% after 1 year of implementation signed between Water Fund and Kiambu County Government and Kiambu Water & Sewerage Company.
- iv) 100% Completion of Kiambu household sanitation project by Water Fund at a cost of KSH 5,250,485.00. The company had earlier received the grant to construct 200 and sought an approval to construct an additional 6No. Safisan toilets to improve sanitation in identified areas of Rururo, Kiamumbi and Thindigua. The project improved sanitation coverage in sewerred and non-sewerred areas within Kiambu Sub
- v) Partial extension of water supply networks of unnerved areas of Ndumberi and Ting'ang'a and replacement of old UPVC water networks with HDPE water networks using internally generated funds of Kiambu Water & Sewerage Company. In FY 2425 successfully the company successfully install 21.825KMs (7.9km extension to un served areas and 21.825 km upgrade of UPVC networks) assorted diameters in the 4 wards of Kiambu sub county at a cost of KSH 10,664,428.00
- vi) Creation of District metered areas, undertake system input and output, baseline NRW and application of several NRW interventions to reduce the NRW to allowed threshold. In this FY Kiambu Water & Sewerage Company created 3 No DMAS i.e. Kanjata (63 connections and 50% baseline NRW), Kiukenda (150 connections and 35% baseline NRW) and Golf view (110 connections and 38% baseline NRW). The company was able to reduce the baseline NRW to 7% in Kanjata at a cost of KSH 548,136/= ,10% in Kirigiti Golf at cost of KSH 2,492,849.00 and 8% in Kiukenda at a cost of KSH 3, 435,872.00

FY 2024/2025 Funding Proposals Submitted:

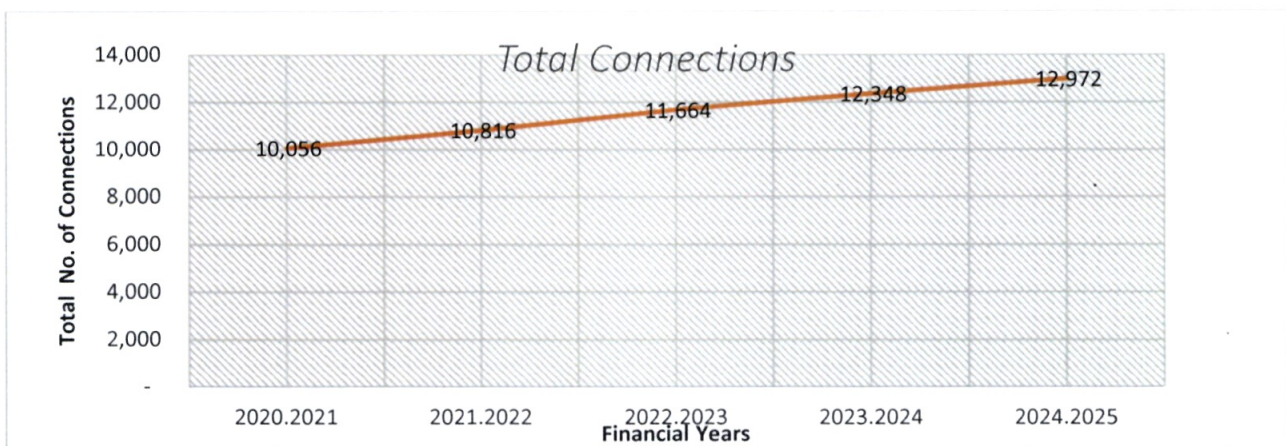
- i) Proposal to lay 50km assorted diameters extend water supply networks in Ting'ang'a and Kiambu township ward to increase uptake of bulk water supply from NCT and Karimenu treated water mains has been submitted to Kiambu County Government and Athi Water Works Development Agencies
- ii) Proposal to extend water networks to a 3km main water line from Lioki offtake to Kiura estate in Ting'ang'a Ward at a cost of 3million Kenyan Shillings was submitted to Kiambu County Government.

- iii) Kiambu Water & Sewerage company submitted one proposal to Kiambu County Government to solarise 3 high yielding B/Hs currently on use and generating high bills (Karunga B/H, Town hall B/H Kangoya market B/Hat a cost of 10 million Kenyan Shillings.
- iv) Proposal to intensify the newly constructed Kiambu Ruaka Sewer lines submitted to AWWDA to increase sewer coverage and reduce pollution of water

- b) **Statutory Compliance:** During the financial year ended 30th June 2025, the company submitted and paid for the statutory deductions in time i.e. PAYE, NSSF, SHIF, Housing Levy deductions on the specified dates following the month of deduction thus ensuring total compliance.
- c) **Comparative Trend Analysis:** Below is a five-year analysis of Kiambu Water Financial and operational performance;

(i) Growth in connections

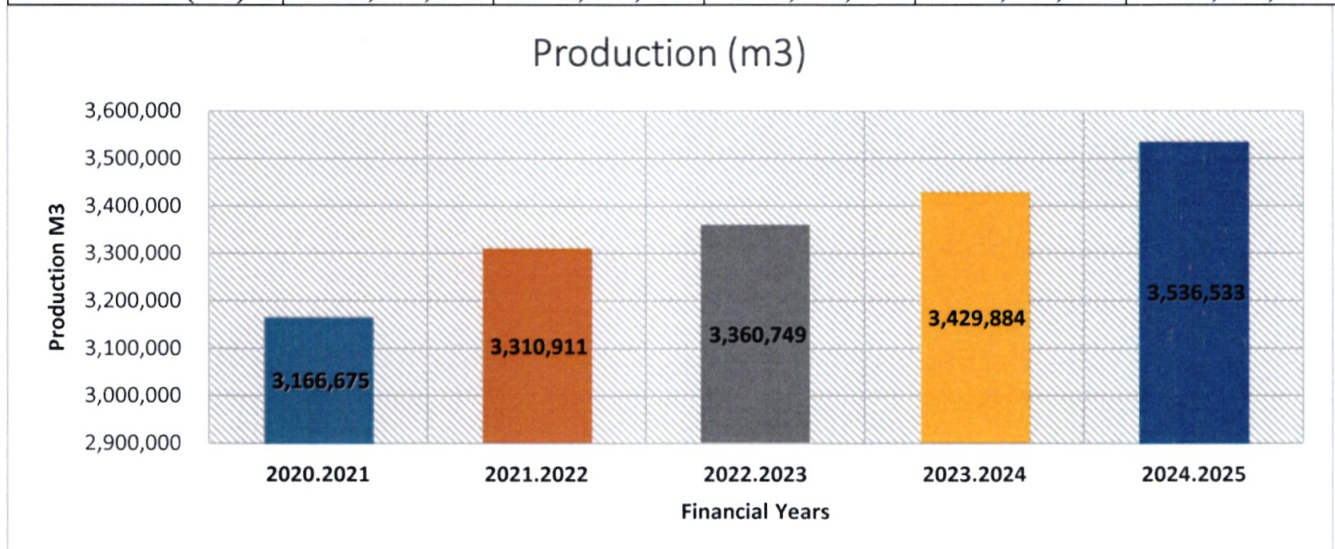
Five Year Growth in connections					
Year	2020.2021	2021.2022	2022.2023	2023.2024	2024.2025
Total Connections	10,056	10,816	11,664	12,348	12,972



- The total number of connection has grown by 29% for the last five years i.e. from 10,056 customers in the year 2020/2021 to 12,972 customers in the year 2024/2025.

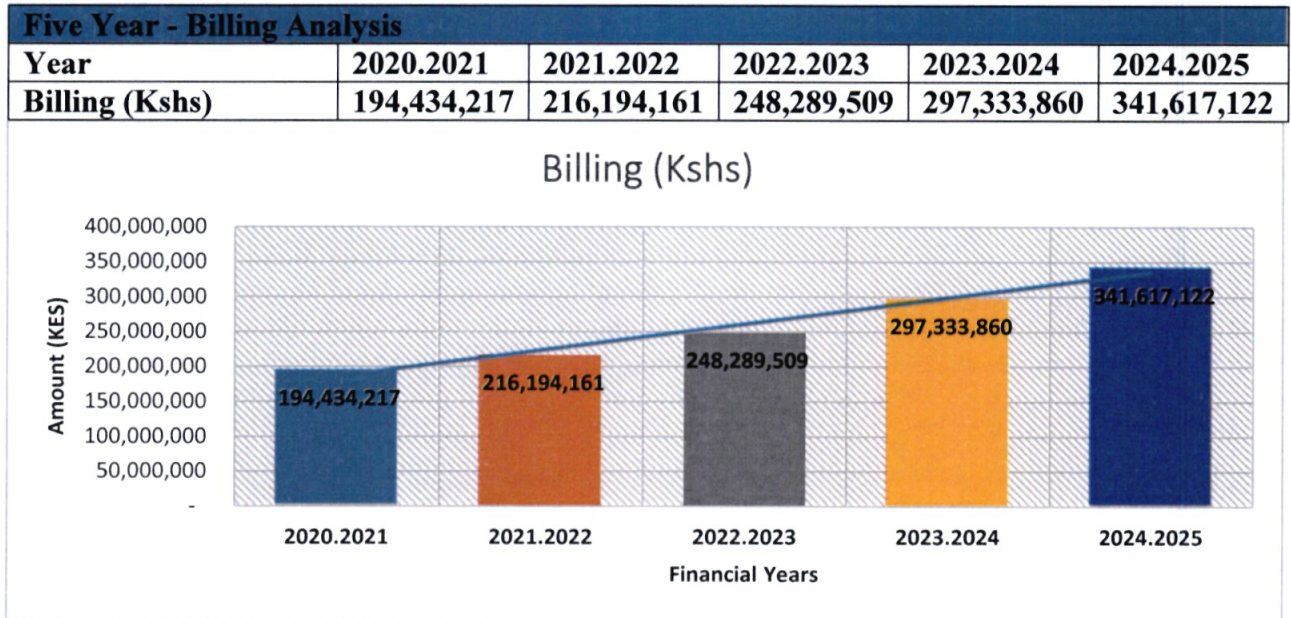
(ii) Water Production Analysis

Five Year - Water Production Analysis					
Year	2020.2021	2021.2022	2022.2023	2023.2024	2024.2025
Production (m3)	3,166,675	3,310,911	3,360,749	3,429,884	3,536,533



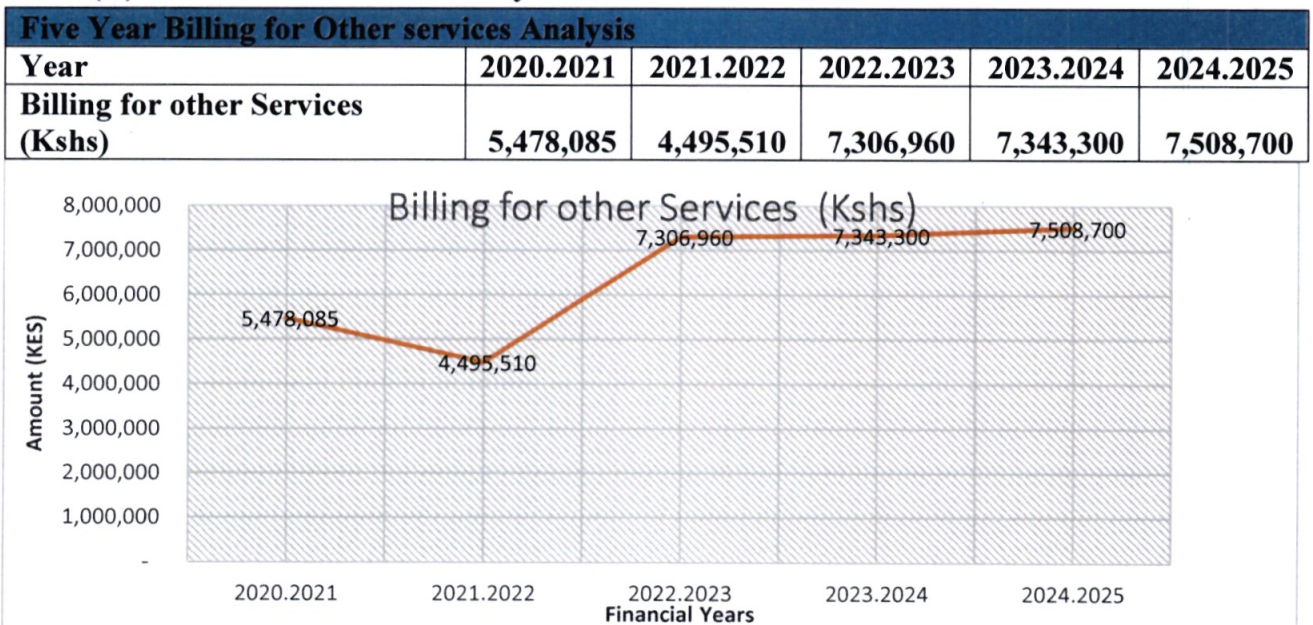
- The company has achieved an increase in production by 3% from 3,429,884 in the year 2023/2024 to 3,536,533 during the year 2024/2025.

(iii) Billing analysis:



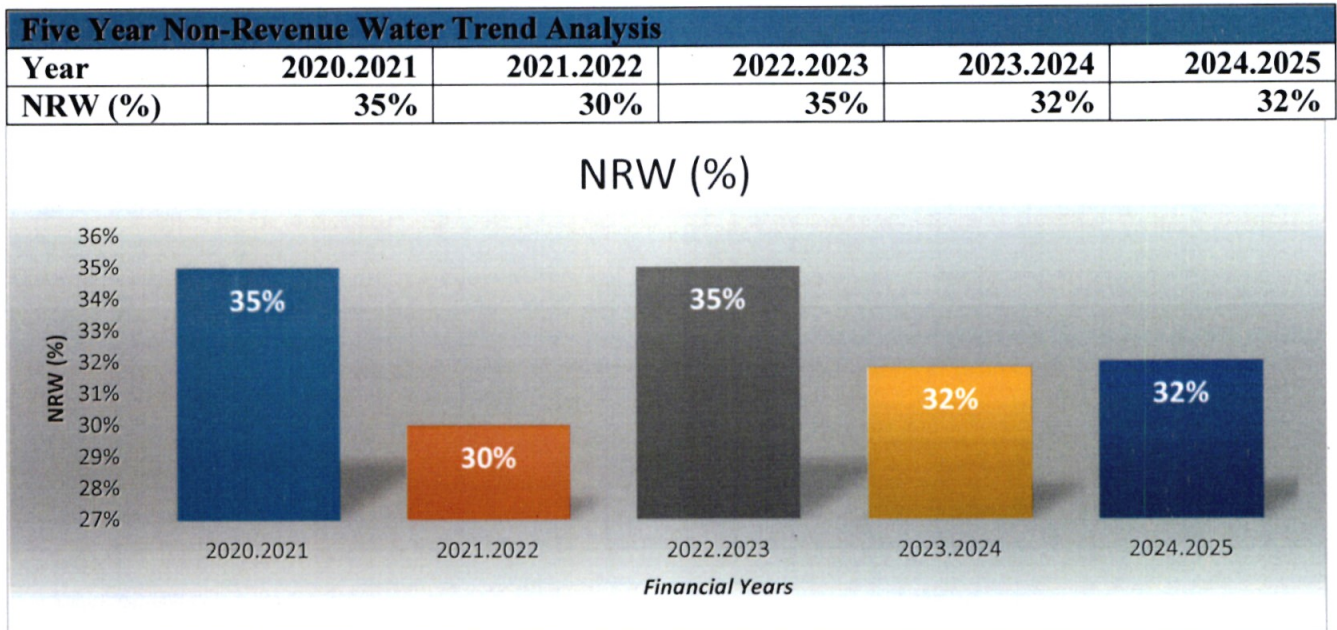
- There was an increase in billing by 15% during the year in comparison with the year 2023/2024. This was as a result of additional 624 new connections achieved during the year.

(iv) Miscellaneous income Analysis:



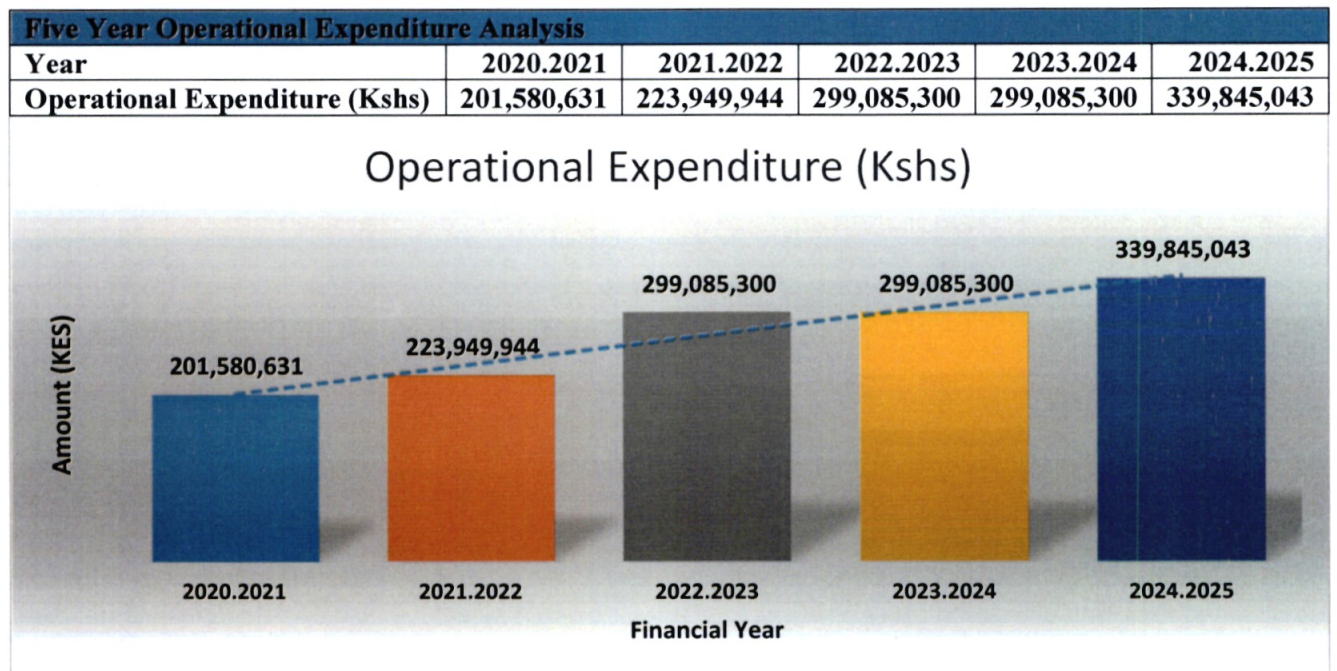
- Billing for other services increased by only 2% during the year i.e. increased from Kshs. 7,343,300 (2023/2024) to Kshs. 7,508,700 (2024/2025).

(v) NRW Trend Analysis:



- The NRW for FY 2024/2025 was similar to that of FY 2023/2024 despite various interventions being undertaken by the company. This is because operationalisation of the water component in the ongoing sewer project by AfDB resulted to loss of water during testing and flashing of waterlines.
- Several leakages were also discovered while operationalizing the Supply of water to Thindigua from the Kangoya system thus loss of water.

(vi) Operational Expenditure Analysis:

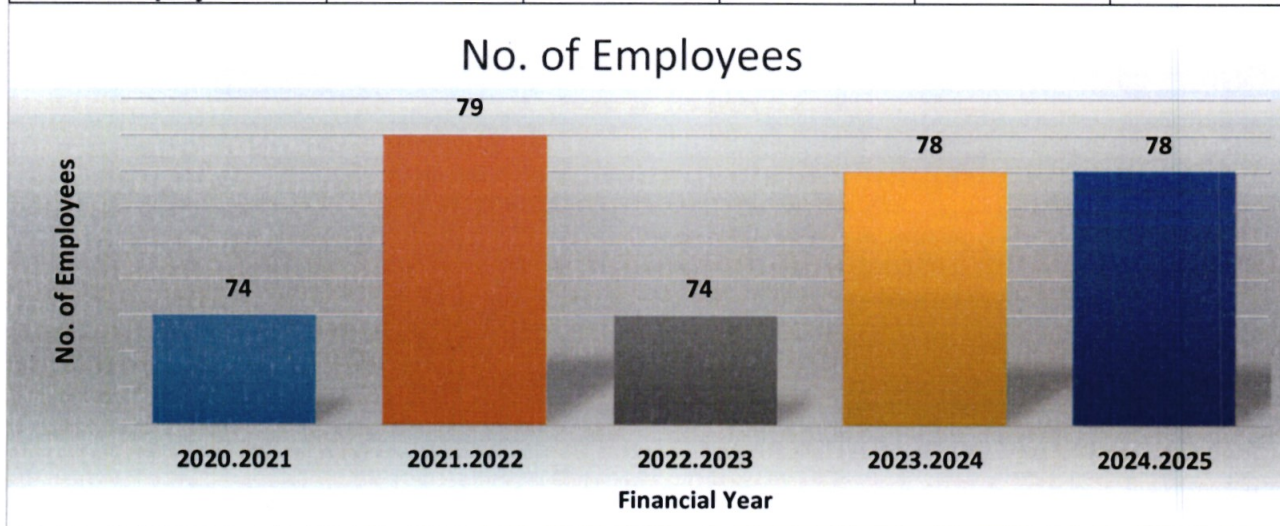


- There was an increase in operational expenditure by 14% from Kshs. 299,085,300 (FY 2023/2024) to Kshs. 339,847,443 (FY 2024/2025)

(vii) Employee Growth Analysis:

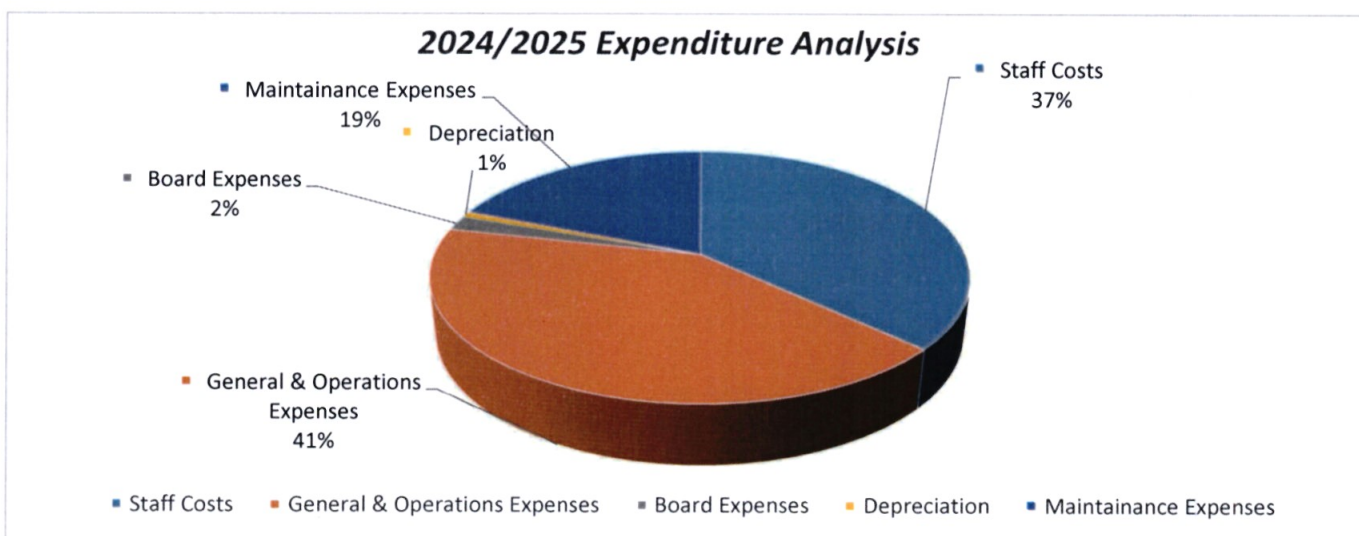
- The company has maintained the same number of 78 employees during the FY 2024/2025 as it was during the year 2023/2024 as shown on the table below;

Five Year Employees Growth Analysis					
Year	2020.2021	2021.2022	2022.2023	2023.2024	2024.2025
No. Of Employees	74	79	74	78	78



(viii) Operational Expenditure Indicator Analysis:

Year 2024/2025 Operational Expenditure Analysis						
Year	Staff Costs	General & Operations Expenses	Board Expenses	Depreciation	Maintainance Expenses	Total
Operational Expenditure (Kshs)	125,135,089	141,141,840	6,490,734	2,441,271	64,636,109	339,845,043
% of Total Expenditure	37%	42%	2%	1%	19%	100%



- The staff cost ration against operational expenditure is at 37% inclusive of staff comprehensive medical cover, provision for leave days accrued and staff welfare whereas direct staff remuneration is at 34%.

(ix) Material Uncertainty in relation to Going Concern;

The company current ratio as at 30th June 2025 was 0.8: 1 i.e. current liability (Kshs. 326,928,484) is more than the current assets (Kshs. 262,707,266) thus resulting to a negative working capital of Kshs. 64,221,218. To counteract the material uncertainty, company has been continuously engaging with Athi Water Works Development agency to be supplied with 5000 cubic meters per day bulk water for resale in Kirigiti, Riabai and Kiamumbi areas from a proposed offtake on Karimenu treated water mains and 7000 cubic meters per day to serve areas of Thindigua. This will lead to increased water coverage as well as increased in revenues for the company.

There is also an ongoing project funded by WSTF of Kshs. 15,777,574 under Conditional Liquidity Support Grant (II) towards upgrading 7km existing water networks, extending 16km assorted diameters pipelines, purchase of two motorbikes and 4No ragged phones which was envisaged towards improving the company's Operational efficiency thus leading to increased number of connection and as a result increase in revenue.

The company has been replacing old dilapidated pipes using internally generated resources as a way of improving the NRW levels. This will lead to increased billed production thus enabling the company pay most of the long outstanding debts as a result improve on the current ratio.

The company has also applied for a more cost-effective tariff which will enable the company cater for inflation and change in operational conditions. This will lead to increase in billed revenue as well as improving on the current ration.

10. Environmental and Sustainability Reporting

Kiambu Water & Sewerage Company Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on KIAWASCO pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each of the mentioned pillar:

i) Sustainability strategy and profile –

To enhance Sustainability, the Company has been able to achieve the following over time:

- To improve on the operational efficiency, the company procured eight motorbikes during the year 2024/2025.
- During the year 2024/2025 the company implemented a new billing system (Aqua soft billing system) which allows for real time feedback upon payment where the customers' accounts are updated instantly upon payment.
- The company received a grant income from Water Sector Trust Fund (WSTF) of Kshs. 15,777,574 under Conditional Liquidity Support Grant (II) towards upgrading 7km existing water networks, extending 16km assorted diameters pipelines, purchase of two motorbikes and 4No ragged phones which was envisaged towards improving the company's Operational efficiency.
- Successful development of two surface water sources on Rivers Riara and Kamiti to supplement Nairobi water bulk water supply and borehole sources by AWWDA.
- Received and utilized seventeen million (17) Kenyan shillings from Water Services Trust fund in 2013 to improve water supply services in Kihingo area and improve sanitation within lower Kiambu Town.
- Received and utilized twenty-six (26) million Kenyan Shillings from Water Services Trust Fund in 2014 to improve water services in Rockline and Indian Bazaar areas through construction of two (2) elevated steel tanks and installation of assorted 8.5km water networks
- The company also received Kshs. 40,017,053 during the year 2020/2021 as a Conditional Liquidity Support Grant from WSTF as short-term COVID-19 emergency response interventions when the country was hardly hit by Corona virus.
- Takeover of 5 No. run down community water projects within the company supply area i.e. Gichocho, Gichiru, Karunga, Ndumberi and Kihingo. The company is at advanced stage to take over Kamiti Amner Project.
- Implementation of a cashless revenue collection by use of banking and M-pesa services where cash is not collected in the office.
- Smart meter reading, in-house billing, incorporating SMS billing, bill query (*483*85#) and customer complaint handling module.
- The company was awarded by WASREB during 2019/2020 financial year as the No.1 out of 81 WSPs with the best customer services in Kenya.
- The company received flashing unit from Athi Water Works Development Agency in 2021. This has helped for better Maintenance of the sewer networks.
- The company is at 100% mapping of all its water supply and sewer networks and associated accessories as well as consumer connections on GIS software.
- Construction of sewer laterals under Kiambu Sewerage project by AWWDA through a loan from AFDB to improve sanitation in Kia-Mumbi, Thindigua, Kirigiti, Ndumberi and Kiambu town.
- Increased water production from 2,054 (2007) to an average of 9,600 (2024/2025) cubic meters per day.
- Increase in number of consumer connections from 2,252 (2007) to 12,972 (2024/2025).

- Enhanced revenue collection from monthly average of Kshs. 4.4 million (2007) to a monthly average of Kshs. 26.3 million in 2024/2025.
- The company has established a team of NRW whose main mandate is to ensure that all the physical and commercial losses are addressed and reduced to the minimum levels possible and the leak run time minimized this has helped the company reduce NRW from 35% (2022/2023) to 32% (2024/2025).

However, the company is faced by the below mentioned challenges;

- High unaccounted for water (non-revenue water) due to aged supply network and water theft by the customers. The company management has adopted a policy of ensuring that any reported burst or leak is addressed in the shortest time possible, all customers are metered and aged systems are rehabilitated systematically. We intend to overhaul the current distribution system within Kiambu town and its environs as a remedy. Project proposals have been sent to Water Services Trust Fund and World Bank (through Water Services Regulatory Board).
- Interruption of water supply due to breakdown of boreholes (motors and pumps).
- Lack of water supply infrastructure in some areas.
- Old and dilapidated water supply infrastructure that requires upgrading.
- Destruction of water pipelines during road construction works without compensation.
- Theft of manhole covers, water meters and pipes.
- An overstretched sewer treatment plant which has outlived its design capacity which was constructed in 1974 when Kiambu was a small town.
- Reduction of water volumes from the surface water sources in the dry months of the year (Kamiti river) sometimes resulting to water conflicts with downstream users.
- Increased siltation in our surface water infrastructures after the long rains which reduces the volume of water at the intakes (Kamiti river).
- Limited financial resources to carry out extension and rehabilitation water & sewer networks
- Destruction of water pipelines during road & sewer construction works in Kiambu Sub County without compensation.
- Theft of water & sewerage infrastructure (manhole covers, water meters and pipes, valves on pipelines, B/Hs control panels)

ii) **Environmental performance**

During the FY 2024/2025 company partnered with the county government of Kiambu, Kenyatta university, Kamiti and Riara WRUAs, community leaders, farmers and other stakeholders in growing water friendly trees along the riparian and taking care of the previously planted trees. The company is also planted additional 40,000 indigenous and bamboos seedlings, donated 2,800 avocado seedlings to staff and community totalling to 42,800 seedlings all aimed towards environmental conservation.

iii) **Employee welfare**

The company is guided by the Human Resource Policy as well as the Collective Bargaining Agreement signed between the company and the Federation of Kenya Employers. The two documents take into account the hiring process where gender ration is well explained. The company provide a comprehensive medical cover to all its employees renewable after every year. The company also pays for short courses/trainings for capacity building in collaboration with other institutions e.g. KEWI, Kenya School of Government and National Institute Training Authority to improve on the employees' skills. The company also organises for medical clinics where the medical test for willingly employees are done. The company also supplied the staff with hash avocado seedlings during the year.

iv) Market place practices-

The company always ensures steady supply of clean and treated water to the customers as well as ensuring the sewerage plant is in operation for twenty-four hours to ensure proper management of waste water. The company engages with the suppliers having followed all the necessary required procurement procedures and also maintains a good supplier relationship where the supplies are paid within 90 days upon delivery of good and services.

v) Corporate Social Responsibility/Community Engagements-

During the year the company purchased items from the nearby super markets i.e. Kamindi Super Market, Clean shelf supermarket, quick mart supermarket and Naivas Supermarket as well as nearby hardware stores as a way of Kiambu Sub County economic growth. The company staff also participates on several clean-up activities organised by Kiambu County Governments towards keeping Kiambu sub county green and clean. The company also participates in maintenance of trees planted at Maji Street i.e. from near the Governors officer, Indian Burzaar, nova all the way to ACK Church which is maintained by the company. The company also engages with the residents of the sub county as casual labourers during the pipeline extension works i.e. excavation and back filling. During the year 2024/2025 the company conducted three customer engagement meetings and issued the customers with hass avocados during meetings.

During the year 2024/2025 the company supported families living with cerebral palsy with food and sanitary materials. The company also partnered with the county government in rehabilitation of Kiambu District Hospital Afya Park as part of social Corporate Responsibility.

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 Kiambu Water and Sewerage Company affairs.

i) Principal activities

The principal activity of the company is to ensure the economical provision of water and sewerage services in Kiambu Sub County.

ii) Results

The results of the company for the year ended June 30, 2025 are set out on page 1 where the company recorded a surplus of Kshs. 5,380,258 whereas in 2023/2024 the company had recorded a surplus of Kshs. 24,880,483.

iii) Dividends

The Directors did not recommend the payment of dividend during the year

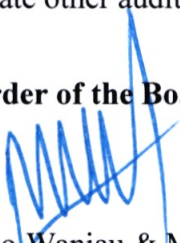
iv) Directors

The members of the Board of Directors who served during the year are shown on page V.

v) Auditors

The Auditor General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board,



Wanjao Wanjau & Mwangi Advocates LLP
Company Secretary

Date: 11/11/2025

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of KIAWASCO's financial statements, which give a true and fair view of the state of affairs of KIAWASCO for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (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 KIAWASCO; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

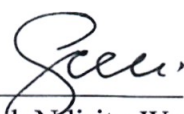
The Directors responsibility for KIAWASCO's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act,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

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


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

Approval of the financial statements

KIAWASCO's financial statements were approved by the Board on 11/11 2025 and signed on its behalf by:



Shadrack Ndiritu Waweru
Chairperson of The Board



Boniface Mbugua Kabue
Managing Director

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu Water and Sewerage Company Limited set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kiambu Water and Sewerage Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables

The statement of financial position and Note 18 to the financial statements reflects trade and other receivables balance of Kshs.197,952,150 which includes a balance of Kshs.148,177,537 that has remained uncollected for more than one hundred and twenty (120) days. No explanation was given for the non-collection. The prolonged outstanding balances cast doubt on the recoverability of these amounts and may lead to a potential loss of funds.

In the circumstances, the accuracy and recoverability of trade and other receivables totalling Kshs.197,952,150 could not be confirmed.

2. Trade and Other Payables

The statement of financial position and as disclosed in Note 21 to the financial statements reflects trade and other payables balance of Kshs.309,582,803. Review of the records in respect of the balance revealed the following unsatisfactory matters;

2.1 Long Outstanding Payables

The amount includes long-outstanding payables totalling Kshs.121,830,839 comprising amounts owed to various Water Sector Agencies as shown in the table below;

Description	Amount (Kshs)
Athi Water Service Board	35,228,016
Water Services Regulatory Board	45,904,192
Athi Water Works Development Authority	30,190,438
Water Resources Management Authority	10,508,193
Total	121,830,839

These balances have remained unpaid for more than two (2) years with no movement, indicating the Company's inability to settle its financial obligations as they fall due. The outstanding amounts continue to grow due to the accumulation of annual levies and charges.

Further, payables totalling Kshs.274,421,039 as disclosed in Note 21 to the financial statements had been outstanding for more than three (3) months. No explanation was provided as to why the Company did not prioritize the settlement of these prior period obligations as the first charge against the current financial year's budget allocation, before committing to new expenditures.

2.2 Unreconciled Variance in Payable Balance to Nairobi Water and Sewerage Company

Included in the payables balance is Kshs.154,378,365 reportedly owed to Nairobi Water and Sewerage Company, as disclosed in Note 21 to the financial statements and a confirmation letter dated 22 July, 2025 addressed to Kiambu Water and Sewerage Company. However, records from Nairobi Water and Sewerage Company indicate a receivable balance of Kshs.153,288,362 as at 30 June, 2025. This results in an unreconciled variance of Kshs.1,090,003 between the two entities.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.309,582,803 could not be confirmed and the Company is exposed to loss of public funds through litigation, interests and penalties due to inability to settle debts on time.

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

Material Uncertainty Related to Going Concern

The statement of financial position reflects total current assets of Kshs.262,707,266 and total current liabilities of Kshs.326,928,484, resulting in a negative working capital of Kshs.64,221,218. Consequently, the Company's current ratio stood at 0.8:1, indicating that current assets were insufficient to meet short-term obligations. Further, the Company has a negative reserve of Kshs.66,445,984. This position is consistent with prior years' financial statements, suggesting a persistent liquidity challenge that casts doubt on the Company's ability to continue operating as a going concern.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Kiambu Water and Sewage Company Limited in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1.	2023/2024	Long Outstanding Trade and Other Receivables
2.	2023/2024	Irregular Board Expenses
3.	2023/2024	Misstatement of Bank and Cash Balances
4.	2023/2024	Material Uncertainty Related to Going Concern
5.	2023/2024	Long Outstanding Payables
6.	2023/2024	Payables on Complete Uncapitalized Projects
7.	2023/2024	Payables not Taken as the First Charge
8.	2023/2024	Unjustified Increase in Trade Payables
9.	2023/2024	Non-Adherence to National Cohesion Requirement on Ethnicity
10.	2023/2024	Lack of Well Constituted Board from July, 2023 to June, 2024
11.	2023/2024	Excess Non-Revenue Water
12.	2023/2024	Lack of Audit and Risk Management Committee
13.	2023/2024	Understaffed Human Resource

Other Information

The Management is responsible for the Other Information set out on page v to xxxi which comprise of Key Entity Information, the Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, 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 Kiambu Water and Sewage Company Limited financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If

based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Presentation and Disclosure of the Financial Statements

Review of financial statements revealed the following anomalies:

- i. The statement of performance against predetermined objectives for Kiambu Water and Sewerage Company is based on strategic pillars and objectives derived from a strategic plan that expired in the year ended 2024.
- ii. Review of the reconciliation of the budget and actual amounts revealed that the Company reconciled the budgeted amounts against the statement of financial performance instead of the statement of cash flows, contrary to the prescribed reporting template.

In the circumstances, the financial statements are not in compliance with the Accounting Standards Board reporting requirements.

2. Non-Adherence to National Cohesion Requirement on Ethnicity

The statement of profit or loss and other comprehensive income and Note 10 to the financial statements reflects staff costs amounting to Kshs.125,135,089. Review of employee records for the Kiambu Water and Sewerage Company Limited revealed that sixty (60) or 77%, of the total staff of seventy-eight (78) were from one dominant community yet the County is cosmopolitan in nature. This was contrary to Section 7(1) of the National Cohesion and Integration Act, 2008, which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and Section 7(2) states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Under-Representation of Persons with Disabilities

Review of the staff composition revealed that out of the 78 employees, only one (1) was identified as a Person with Disability (PWD). This represents 0% of the workforce, contrary to Section 4(f) of Persons with Disabilities Act, 2025 which requires public service to promote inclusion and integration of persons with disability by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disability.

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

4. Non-Compliance with Debt Fiscal Responsibility Principles

The statement of financial position and Note 21 and Note 22 to the financial statements reflects current and non-current liabilities totalling Kshs.361,802,082. Comparison of this balance with the total revenue of Kshs.350,075,244, as reported in the statement of profit or loss and other comprehensive income, revealed that the payables represent approximately 103% of total revenue. This exceeds the statutory debt ceiling of 20% by 83%, indicating non-compliance with fiscal responsibility principles as prescribed by Regulation 25(1)(a) of Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, Management was in breach of law.

5. Understaffed Human Resource

The statement of profit or loss and other comprehensive income reflects staff costs totalling Kshs.125,135,089, as disclosed in Note 10 to the financial statements. However, examination of the Human Resource records revealed that the Company is currently operating below the approved staffing levels. The staff establishment list reviewed during the audit indicated that only seventy-eight (78) positions were filled against an approved establishment of one hundred and seven (107). This results in a shortfall of twenty-nine (29) staff, indicating a significant level of understaffing as analysed below;

S/No	Department	Current No	Required Establishment	Variance
1	Administration (MD)	1	1	0
2	Finance	12	15	3
3	Commercial	21	32	11
4	Human Resource	9	13	4
5	Procurement	3	3	0
6	Internal Audit	1	3	2
7	Technical	31	40	9
	Total	78	107	29

This was contrary to Section 76(2) of the Employment Act, 2007 which stipulates that an employer shall notify every vacancy occurring in the establishment, business or work place in a prescribed form giving the following details; (a) the employer's name and full address; (b) details of the vacant post; (c) minimum qualification required of the person

seeking to be employed; (d) the place of work; and (e) the type of work, whether casual, permanent or term contract; and (f) such other information as required.

In the circumstances, the operation of the Company may not be optimized.

6. Non-Deduction of Statutory Contributions from Employee Salaries

The statement of profit or loss and other comprehensive income reflects staff costs amounting to Kshs.125,135,089, as disclosed in Note 10 to the financial statements. Analysis of the payroll revealed that statutory deductions which include NHIF/SHA, NSSF, and the Housing Levy were not deducted from the salaries of two (2) employees with personal numbers 051 and 056. Failure to remit statutory deductions exposes the Company to penalties, surcharges and potential legal liabilities, and also disadvantages affected employees in accessing social benefits. This was also contrary to Regulation 23(1)(c) of the Public Finance Management (National Government) Regulations, 2015, which requires an Accounting Officer to be accountable to the National Assembly for maintaining effective systems of internal control and for implementing measures to ensure their effectiveness.

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

7. Failure to Deduct Public Procurement Capacity Building Levy

The statement of profit or loss and other comprehensive income and Note 11 to the financial statements reflects an amount of Kshs.141,141,840 for general and operations expenses. Review of sampled payment vouchers revealed that Kiambu Water and Sewerage Company Limited made payments amounting to Kshs.12,155,031 to various suppliers under public procurement contracts. However, the payments were not subjected to the mandatory Public Procurement Capacity Building Levy totalling Kshs.3,144 as required by Public Procurement Regulatory Authority Circular No. Ref: PPRA/6/5/VOL.II (224) dated 30 August, 2024 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and 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 the circumstances, Management was in breach of the law.

8. Unprocedural Transfer of Asset and Liability Without Novation Agreement

The statement of financial position and Note 21 of the financial statements reflects a balance of Kshs.309,582,803 in relation to trade and other payables. Included in this balance is Kshs.30,190,438 in relation to interest payable owing to Athi Water Works Development Agency in respect of a loan facility of Kshs.14,500,000,000. The loan, with a repayment period of 50 years, was originally secured by Athi Water Works Development Agency from the World Bank under the Water and Sanitation Service Improvement Project (WASSIP) for two (2) water dams. Responsibility for repayment of the loan interest was reportedly transferred to Kiambu Water and Sewerage Company. However, no

novation deed was provided to support this transfer and the Company did not provide documentation confirming the formal transfer of the related asset, the dams.

Further, it remains unclear who is currently responsible for repaying the principal loan amount of Kshs.14,500,000,000. Notably, Kiambu Water and Sewerage Company has not been servicing the interest payments, exposing the entity to potential penalties and interest accruals liabilities that could have been avoided with proper legal and financial arrangements. This was contrary to Section 72(3) of the Public Finance Management Act, 2012, which provides that a National Government entity shall not loan or transfer assets to any person or organization or permit any person or organization to use assets for purposes other than carrying out the functions of the entity, except in accordance with an Act of Parliament enacted pursuant to Article 227 of the Constitution. The loan amount is also not reported in the financial statements of the Company.

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

9. Irregularity in Composition and Appointment of Board Members

The statement of profit or loss and other comprehensive income and Note 12 to the financial statements reflects Board expenses totalling Kshs.6,490,734. Audit review of the composition and schedule of Board meetings held during the year established the following gaps:

- i. The Board comprised nine (9) members instead of the prescribed eleven (11). which is contrary to the Approved board charter.
- ii. All Board meetings failed to meet the quorum of seven (7) members as envisioned under Section 3.3 of the Approved Board Charter. As a result, the validity of decisions and resolutions passed was questionable, exposing the Company to governance disputes and legal challenges.
- iii. Attendance analysis revealed that some members missed more than half of the meetings held during the year. This persistent absenteeism compromised the commitment and effectiveness of individual directors, weakened collective decision-making and diminished the Board's ability to exercise proper oversight over Management.
- iv. The Chairman's term ended in April, 2025, and the Company remained without a substantive Chairperson. This created a leadership vacuum, undermined effective oversight and strategic direction, eroded stakeholder confidence and highlighted weaknesses in succession planning.
- v. The gazette notices for serving members were not provided for audit verification. Further, the review noted the inclusion of an alternate member representing the Chief Officer – Finance and Economic Planning (County Government of Kiambu), as a substantive Board member in the financial statements. In addition, it was noted that an alternate appointed by a member who had retired in February, 2025,

continued to attend and chair Board meetings held on 8 May, 2025, 15 May, 2025, and 12 June, 2025, with no explanation provided for this anomaly.

- vi. The Board of Directors who served the Company during the year under review consisted of five (5) directors, of whom four (4) were male and one (1) was female. This composition did not adequately reflect the gender balance envisioned under Article 27(3) of the Constitution of Kenya and Mwongozo.

In the circumstances, Management is in breach of Mwongozo guidelines and the Board charter.

10. Failure to Convene Annual General Meeting (AGM)

During the year under review, it was noted that the Company did not hold an Annual General Meeting (AGM) which is contrary to the Company Act, 2015, Section 310 which provides that, every Public Company shall hold a general meeting within six months from and including the day following its accounting reference date in each year whether it holds other meeting during the year.

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

11. Excessive Non-Revenue Water

During the year under review, the Company produced a total of 3,536,533 cubic meters (m³) of water out of which 2,387,565 cubic meters (m³) of water was sold (billed) to customers. The variance of 1,148,968 cubic meters (m³) represents unaccounted for water being 32% of the total water produced which is 7% above the allowable loss of 25%. This was contrary to the Water Services Regulatory Board (WASREB) Report No.12 of 2012 which requires non-revenue water to be less than 25%. The unaccounted-for water may have resulted into loss of sales estimated at Kshs.135,137,182, and if the non-revenue water had been billed, total water and sewer billing would have been Kshs.476,754,304 instead of Kshs.341,617,122 now shown.

In the circumstances, Management was in breach of law and the Company was exposed to loss of sales.

12. Construction on Land not Owned by the Entity

The statement of profit or loss and other comprehensive income and Note 13 to the financial statements reflect maintenance expenses amounting to Kshs.64,636,109, which includes Kshs.1,583,319 relating to maintenance of buildings. Review of the ledger and physical verification revealed that part of this amount, Kshs.537,546 paid to a company vide cheque No.777, for the construction of lavatories within the premises occupied by the Company. Further review of the approved revised budget indicated a provision of Kshs.411,092 for the construction of the lavatories. However, it was established that the land on which the lavatories are being constructed belongs to the Ministry of Health, and the Company did not hold any ownership or lease rights over the property.

This was contrary to Section 68(1) of the Public Finance Management Act, 2012 which requires that “An Accounting Officer for a National Government entity, Parliamentary Service Commission and the Judiciary shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the Accounting Officer are used in a way that is - (a) lawful and authorized;”

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Payroll and Human Resource System Integration

The statement of profit or loss and other comprehensive income and Note 10 to the financial statements reflects staff costs amounting to Kshs.125,135,089. The audit revealed that the Company operates a payroll processing system that is not integrated with the Human Resource Management (HRM) system. The payroll system is limited to processing salary payments and does not support key HR functions such as leave management, contract administration, or staff records maintenance.

Review of the human resource, payroll, and related processes revealed the following weaknesses:

1.1 Lack of Integration Between Systems

The payroll and finance systems are not integrated. Staff changes such as new hires, promotions, and exits were communicated manually using physical documents, which were then updated manually in the payroll system.

1.2 Manual Input of Earnings and Deductions

The payroll system did not automatically map earnings and deduction rates. The payroll manager manually inputs amounts based on collective bargaining agreements and internal policies, increasing the risk of data entry errors and unauthorized adjustments.

1.3 Absence of Automated Annual Salary Increments

The system lacks functionality to automatically compute and apply annual salary increments according to the approved salary scale. Consequently, adjustments were made manually for each employee, increasing the risk of inconsistencies and omissions.

1.4 Weak Reporting Capabilities in the Human Resource System

The Human Resource System has limited capacity to generate analytical or management reports. As a result, HR officers maintain a separate manual staff register in Excel to track employee movements such as appointments, promotions, and exits. The lack of integration and automation within the HR and payroll systems increases the risk of inaccurate or incomplete payroll data, unauthorized changes, delayed updates, and weak audit trails. It also limits Management's ability to generate reliable reports for decision-making and statutory compliance.

In the circumstances, the effectiveness of internal controls in respect to Human Resource practices could not be confirmed.

2. Gaps in Payroll Master Data

Analysis of the payroll for the year under review revealed significant gaps in key employee information. Critical data such as job designations, job groups, dates of birth, and expected retirement dates were missing. Further, personal details for some employees such as Identification Numbers, KRA PINs, NHIF/SHA numbers, and NSSF numbers were either incomplete or not updated in the payroll system.

The absence of complete and accurate employee records undermines the integrity of the payroll system and increases the risk of errors, ghost workers and non-compliance with statutory requirements.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that except for the matters described in the Basis for Qualified Opinion:

- 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 v to xxxi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page xx and page 20 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of the Management and 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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025

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

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Operating Revenue			
Operating Revenue	6	349,125,822	304,677,160
Grants Income	7	-	20,927,822
Finance Income	8	919,422	1,292,890
Non-Operating Revenue	9	30,000	65,000
Total Revenue		350,075,244	326,962,872
Expenses			
Staff Costs	10	125,135,089	111,443,567
General & Operations Expenses	11	141,141,840	118,204,278
Board Expenses	12	6,490,734	3,756,222
Maintainance Expenses	13	64,636,109	63,562,354
Depreciation	14	2,441,271	2,118,879
Total Expenses		339,845,043	299,085,300
Operating profit		10,230,201	27,877,572
Profit/(Loss) before tax		10,230,201	27,877,572
Corporate Tax	15	(4,849,943)	(2,997,090)
Net Profit/(Loss) After Tax		5,380,258	24,880,483


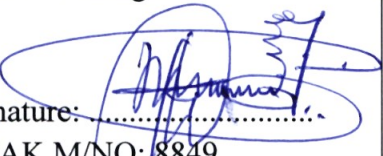

Note:

During the year the Company's surplus decreased from Kshs. 24,880,483 (FY 2023/2024) to Kshs. 5,380,258 (FY 2024/2025). The decrease in net surplus by 78% was that during 2023/2024 financial year the company had received grant income of Kshs. 20,927,822 from Water Sector Trust Fund of Kshs. 5,150,247 under UBSUP Program and Kshs. 15,777,574 under Conditional Liquidity Support Grant (II) where during the FY 2024/2025 the company had no grant income hence the cause for the decline despite increase in billing by 15%.

15. Statement of Financial Position as at June 30, 2025.

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Non-current assets			
Property, plant and equipment	16	32,648,833	32,965,235
Total Non-Current Assets		32,648,833	32,965,235
Current assets			
Inventories	17	25,403,784	25,762,634
Trade and other receivables	18	197,952,150	186,798,679
Bank and Cash Balances	19	39,351,333	13,275,304
Short-term Deposits	20	-	14,500,000
Total current assets		262,707,266	240,336,618
Total Assets		295,356,099	273,301,852
EQUITY & LIABILITIES			
Capital and reserves			
Ordinary Share capital		100,000	100,000
Donated Equity		5,141,083	5,141,083
Revaluation reserve		10,224,217	11,309,917
Accumulated Revenue Reserves		(81,911,284)	(69,450,072)
Capital and reserves		(66,445,984)	(52,899,072)
Non - Current liabilities			
Deferred Liability	22 (b)	13,616,903	15,334,331
Customer Deposits	22(d)	21,256,695	19,431,295
Total Non-Current Liabilities		34,873,598	34,765,626
Current Liabilities:			
Trade & Other payables	21	309,582,803	270,393,267
Payroll Liabilities	22 (a)	8,945,729	6,973,291
Deferred Current Liability	22 (c)	8,399,952	14,068,740
Total Current Liabilities		326,928,484	291,435,298
Total Equity & Liabilities		295,356,099	273,301,852

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

<p>Name: Boniface Mbugua Kabue Managing Director</p> <p>Signature: </p>	<p>Name: Gideon K. Ndichu Finance Manager</p> <p>Signature: </p> <p>ICPAK M/NO: 8849.</p>	<p>Name: Shadrack Ndiritu Waweru Chairman of the Board</p> <p>Signature: </p>
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16. Statement of Changes in Equity for The Year Ended June 30, 2025.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2024					
	Share Capital	Donated Equity	Revaluation Reserve	Revenue Reserve	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at 1st July 2023	100,000	5,141,083	12,436,275	(69,246,264)	(51,568,906)
Change in Revaluation	-	-	-	-	-
Year Adjustments	-	-	(1,126,358)	(25,084,291)	(26,210,649)
Surplus (Deficit)	-	-	-	24,880,483	24,880,483
Balance as at 30 June 2024	100,000	5,141,083	11,309,917	(69,450,072)	(52,899,072)
Balance at 1st July 2024	100,000	5,141,083	11,309,917	(69,450,072)	(52,899,072)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2025					
	Share Capital	Donated Equity	Revaluation Reserve	Revenue Reserve	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at 1st July 2024	100,000	5,141,083	11,309,917	(69,450,072)	(52,899,072)
Change in Revaluation	-	-	-	-	-
Year Adjustments	-	-	(1,085,700)	(17,841,471)	(18,927,171)
Surplus (Deficit)	-	-	-	5,380,258	5,380,258
Balance as at 30 June 2025	100,000	5,141,083	10,224,217	(81,911,284)	(66,445,984)
Balance at 1st July 2025	100,000	5,141,083	10,224,217	(81,911,284)	(66,445,984)

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

	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash Flows From Operating Activities			
Receipts			
Operating Revenue		304,701,278	267,962,908
Non-Operating Revenue		30,000	65,000
Finance Income	8	2,400,775	1,170,000
Grants	7	1,436,182	16,463,394
Customer Deposits	22(d)	1,906,900	2,379,500
Total Receipts		310,475,135	288,040,802
Payments			
Staff Costs		124,312,897	114,517,496
Board Expenses		6,562,926	2,683,760
General And Operation Expenses		94,401,394	100,180,761
Maintenance		69,297,025	56,386,541
Finance Costs		549,656	301,500
Refund Of Customer Deposits		81,500	174,500
Total Payments		295,205,398	274,244,558
Net Cash From/(Used In) Operating Activities		15,269,736	13,796,244
Cash Flows from Investing Activities			
Purchase Of Property, Plant and Equipment (PPE)		(3,693,708)	(3,871,931)
Net Cash From/(Used In) Investing Activities		(3,693,708)	(3,871,931)
Cash Flows from Financing Activities			
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		11,576,028	9,924,313
Cash And Cash Equivalents at Beginning Of Year		27,775,304	17,850,991
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents at End of The Year		39,351,333	27,775,304

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

Item Description	2024/2025 Original Budget (KES)	Adjustments	2024/2025 Revised Budget (KES)	2024/2025 Actual Expenditure (KES)	Variance (KES)	Variance (%)	Notes
Revenue							
Total Water & Sewer Billings	333,027,378	8,835,803	341,863,181	341,617,122	(246,059)	0%	
Total Billing for Other Services	10,999,200	(3,568,000)	7,431,200	7,508,700	77,500	1%	
Total Finance Income	1,785,000	(865,578)	919,422	919,422	-	0%	
Total Grant Income	-		-	-	-	0%	
Total Non-Operational Income	-	30,000.00	30,000	30,000	-	0%	
Total Revenue	345,811,578	4,432,225	350,243,803	350,075,244	(168,559)	0%	1
EXPENDITURE:							
Total Staff Cost	127,014,272	228,140	127,242,412	124,616,526	(2,625,887)	-2%	2
Total General & Operations Expenses	136,260,143	7,258,057	143,518,200	139,883,911	(3,634,289)	-3%	3
Total Maintenance Expenses	58,724,163	6,675,177	65,399,340	64,636,109	(763,230)	-1%	4
Total Board Expenses	9,153,000	(1,176,044)	7,976,956	6,490,734	(1,486,222)	-19%	5
Total Recurrent Expenditure	331,151,578	12,985,329	344,136,908	335,627,280	(8,509,628)	-2%	6
Surplus / (Deficit)	14,660,000	(8,553,104)	6,106,895	14,447,964	8,341,069		
Total Capital Expenditure	14,660,000	(8,553,105)	6,106,895	4,927,995	(1,178,900)	-19%	
Total Capital & Recurrent Expenditure	345,811,578	4,432,224	350,243,803	340,555,275	(9,688,528)	-3%	
Surplus / (Deficit)	0	0	0	9,519,969	9,519,969		

Notes to Statement of Comparison of Budget & Actual Amounts:

Reconciliation between statement of financial performance and Statement of Budget Comparison.	
Surplus as per Statement of Budget Comparison	9,519,969
Add Back: Capital Expenditure	4,927,995
Less: Depreciation charge for the year	(2,441,271)
Less: Increase in Provision for leave days Accrued	(518,563)
Less: Increase in Provision for bad & doubtful debts	(1,257,929)
Less: Corporate tax	(4,849,943)
Net operating Surplus after tax as per statement of financial Performance	5,380,258

Notes to Statement of Comparison of Budget & Actual Amounts:

1. Revenue:

- The company had budgeted to bill Kshs. 341,863,181 for provision of both water & sewerage services during the year but achieved an actual billing of Kshs. 341,617,122 thus within the set budget of the year.
- Under billing for other services, the company had targeted to bill Kshs. 7,431,200 but achieved an actual billing of Kshs. 7,508,700 which is 1% (Kshs. 77,500) more than the budgeted amount.

2. Staff Costs:

- During the year the company incurred Kshs. 124,135,089 against a budget of Kshs. 127,242,412 which is 2% (Kshs. 2,625,887) less of the budgeted amount. The company had factored in hiring a Human Resource Manager which had not been effected as at the close of the year thus the underutilization by 2%.

3. General & Operations Expenses:

- The company realized an actual expenditure of Kshs. 139,883,911 under general & operations expenses against a budget of Kshs. 145,826,910 which is 3% (Kshs. 3,634,289) less of the budgeted amount thus within the treasury threshold of not more than 10% and not less than -10%.

4. Maintenance Expenses:

- During the year the company incurred Kshs. 64,636,109 against a budget of Kshs. 65,399,340 i.e. 1% (Kshs. 763,230) less of the budgeted amount thus within the treasury threshold.

5. Board Expenses:

- The company incurred a total of Kshs. 6,490,734 which is 19% (Kshs. 1,486,222) less of the budgeted amount of Kshs. 7,976,956. The company had factored in allowances for fully constituted board of directors which had not been achieved as the county was in the process of recruiting of additional board member thus the under achievement by 19%

6. Capital Expenditure:

- During the year the company incurred Kshs. 4,927,995 against a budget of Kshs. 6,106,895 which is 19% (Kshs. 1,178,900) less of the budget amount for the purchase of tablets for the board members, Leather chair for MDs office and purchase of two-way workstation, smartphones, desktop computers, laptops and tablets. The company also bought 8 motorbikes from Kibo Africa Ltd at a total cost of Kshs. 250,000 per motor bike.

- The company had anticipated finalization for the purchase of two additional motorbikes under CLSG (II) which was still ongoing as at the closure of the financial year thus the underutilization of the budget line.

19. Notes to The Financial Statements

1. General Information

Kiambu Water & Sewerage Company Ltd was established in 2006 and derives its authority and accountability from by Company's Act (Cap 486). The company is wholly owned by the County Government of Kiambu and is domiciled in Kenya. The company's principal activity is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County is to ensure efficient and economical provision of water and sewerage services within Kiambu 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 accrual 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kiambu Water & Sewerage Company Ltd. The figures are rounded to the nearest Kenyan Shilling.

The financial statements have been prepared in accordance with the PFM Act 2012, the state corporations, Water Act 2016 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to Financial Statements (continued)

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

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

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

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

(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

The company did not early – adopt any new or amended standards in year 2024/2025.

Notes to Financial Statements (continued)

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

- i) **Revenue from the sale of goods and services** is recognised 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 recognised 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 recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) **Other income** is recognised as it accrues.

b) In-kind contributions

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

c) Property, plant and equipment

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

Notes to Financial Statements (continued)**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 recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Years	Rates
Buildings and civil works	25	4%
Plant and machinery	12.5	8%
Motor vehicles, including motor cycles	4	25%
Computers and related equipment	3	33.33%
Office equipment, furniture and fittings	12.5	8%

A full month's depreciation charge is recognised both in the month of asset purchase and in the month of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

Amortisation 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 recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

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

Notes to Financial Statements (continued)

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 company 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 company 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 income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

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.

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 & 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 weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. 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 Financial Statements (continued)

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 statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Notes to Financial Statements (continued)

Summary of Significant Accounting Policies

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

o) 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.

p) Cash and cash equivalents

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

q) 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 amortised cost using the effective interest rate method. Amortised 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 capitalised as part of the cost of the project.

r) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised 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 company or not, less any payments made to the suppliers.

s) Retirement benefit obligations

The Company operates both defined contribution scheme and a defined benefit scheme for all full-time employees from July 1, 2006. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company contributes 15% of both the basic pay and house allowance whereas the employee contributes 12% of both the basic and the house allowance. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social

Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month.

t) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue. A provision is made for the estimated liability for annual leave as at 30th June 2025.

u) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the company 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 recognised in profit or loss.

v) Budget information

The original budget for FY 2024-2025 was prepared during the month of February 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the company upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded reappropriated the budget lines without an effect on the total budget. The Company's budget is prepared on accrual 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 financial performance. 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 accrued 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.

w) 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.

Notes to Financial Statements (continued)

x) Comparative figures

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

y) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

The following assumptions/ provisions has been made during the year:

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. 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. In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Notes to Financial Statements (continued)

Revenue recognition

Water revenue includes an assessment of water supplied to customers between the date of the last meter reading and the year end. The water sales is estimated using historical consumption patterns taking into account the total water usage by the customer.

Water deposits

Money received from water customers as deposit is held as a non- current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of water in the short run.

Property Plant & Equipment

Critical estimates are made by the Directors in determining depreciation rates of property plant & equipment. Property and equipment is depreciated over its useful life taking into account residual values, where appropriate.

Provision for doubtful debts

The estimated provision for doubtful debts is based on the period for which the debt was outstanding. General provisions are established where full recovery of the principal is considered doubtful which is made against finalized customer accounts net of deposits. The company made provision of 5% of the outstanding debtors during the financial year.

Notes to The Financial Statements (Continued)

6	Operating Revenue	Kshs	Kshs
	Description	2024/2025 (KES)	2023/2024 (KES)
	Water & Sewer Billing		
	Sewer Fees	95,830,535	71,946,427
	Water Sales	245,786,587	225,387,433
	Total Water & Sewer Billing	341,617,122	297,333,860
	Billing For Other Services		
	Sewer Reconnection Fees	360,000	210,000
	Statement Printing Fees	85,000	62,900
	Sewerage Application fees	755,000	890,000
	Reconnection Request fees	600	1,800
	Meter Replacement fees	464,800	559,600
	Disconnection Request Fees	2,200	4,000
	Application fees	1,312,100	1,345,000
	Illegal Connection Charges	-	24,000
	Reconnection Fees	4,529,000	4,246,000
	Total Billing for other services	7,508,700	7,343,300
	Total Operating Revenue	349,125,822	304,677,160

7	Grants Income		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Grant Income - WSTF (CLSG II)	-	15,777,575
	Grant Income - WSTF (UBSUB)	-	5,150,247
	Total Grant Income	-	20,927,822

8	Finance Income		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Interest on Fixed Deposit Account	919,422	1,292,890
	Total Finance Income	919,422	1,292,890

9	Non-Operating Income		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Refund from NITA	0	65,000
	Donation from Danco (Wasco Games)	30,000	-
	Total Finance Income	30,000	65,000

Notes to The Financial Statements (Continued)

10	Staff Costs		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Salaries & Allowances of Permanent Employees	95,809,775	85,654,071
	Wages of Temporarily Employees	1,408,962	1,408,867
	NSSF Employer Contribution	2,511,817	1,283,662
	Employer Contribution to Pension Scheme	8,683,552	7,672,898
	NITA Contribution	50,300	44,400
	Housing Levy Contribution	1,420,457	993,969
	Provision for Leave Pay	518,563	0
	Gratuity	4,038,564	3,687,483
	Staff welfare	2,201,873	2,215,780
	Staff medical cover	8,491,226	8,482,437
	Total Staff Cost	125,135,089	111,443,567
	The average number of employees at the end of the year was:		
	Permanent Employees - Management	3	3
	Contract Employees - Management	4	4
	Permanent Employees - Unionsable	59	59
	Contract Employees	5	5
	Temporary and contracted Employees	6	5
	Seconded Staff	1	2
	Total	78	78

11	General & Operations Expenses:		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Certificate Verification Fees	113,860	81,200
	chemicals	4,786,608	4,919,409
	Electricity	7,680,568	9,917,591
	Bulky water for Resale	34,264,648	34,102,513
	Rent & Rates	174,000	156,000
	Electricity Office	289,014	333,092
	Telephone	437,000	461,500
	Postage	10,920	19,160
	Internet Costs	492,555	464,073
	Printing & Stationery	1,319,204	1,223,167
	Travelling, Accommodation & Subsistence allowance	7,131,933	4,078,328
	Staff training & workshops	11,175,133	5,334,932
	Security	3,573,528	3,293,794
	Staff Protective Gear & Uniforms	2,843,147	2,496,824
	Fees & Commissions - Insurance	1,250,413	1,515,839
	Membership to Professional Association	337,150	328,470
	General Office Expenses	4,464,662	4,049,112
	AGM Expenses	160,780	-
	Advertisements	892,433	325,960
	Audit Fees	255,204	255,204
	Consultancy Fees	3,990,766	954,600

Kiambu Water & Sewerage Company Ltd.

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

11	General & Operations Expenses:		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Water & Sewerage	120,143	118,867
	WASCO Games	4,974,894	4,233,760
	Increase Provision for Doubtful Debts	1,257,929	921,670
	Cooperate Social Responsibility	2,436,038	-
	Legal Fees, Compensation & Fines	-	479,000
	Stakeholders Forum	402,460	793,824
	Bank Charges	335,422	305,558
	M-pesa Charges	472,416	422,851
	Water Quality Testing	215,000	311,000
	Environmental Conservation	4,961,411	5,400,453
	Planning & Design	493,424	339,400
	Fuels & Lubricants	4,610,600	5,533,091
	Administration fees (AWWDA)	8,051,880	8,263,776
	Regulatory fee	13,965,435	12,690,981
	Water abstraction charges	6,320,376	3,787,172
	NEMA License fees	120,050	105,000
	Asset tagging	-	187,108
	VAT output Tax	6,760,836	-
	Total General & Operations Expenses:	141,141,840	118,204,278

12	Board Expenses		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Board Capacity Building	1,509,000	218,400
	Travel, Meals & Accommodation	797,976	714,400
	Board Honorarium	560,000	672,000
	Board medical Expenses	193,758	241,422
	Board Sitting Allowances	3,430,000	1,910,000
	Total Board Expenses	6,490,734	3,756,222

13	Maintainance Expenses		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Ground Maintainance	191,448	1,212,872
	Office repairs & Maintainance	646,335	479,784
	ICT Repairs & Maintainance	1,781,593	791,950
	Maintainance of plants & equipment	159,250	-
	Maintainance of Buildings	1,583,319	125,214
	Bill & Other Support Services	952,291	889,585
	Maintenance of Water Systems	48,736,258	50,743,983
	Maintainance of Sewer System	6,630,522	5,135,415
	Maintenance of Motor Vehicles	3,955,093	4,183,551
	Total Maintenance Expenses	64,636,109	63,562,354

Notes to The Financial Statements (Continued)

14	Depreciation Expense		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Plant Property & equipment	2,441,271	2,118,879
	Total Depreciation Expense	2,441,271	2,118,879

15	Taxation		
	Description	2024/2025 (KES)	2023/2024 (KES)
	Net Surplus before Tax	10,230,201	27,877,572
	Less: Non Taxable Grant Income	30,000	(20,927,822)
	Less: Corporate Tax on Interest income	-	
	Add Back		
	Depreciation	2,441,271	2,118,879
	Provision for bad debts	1,257,929	921,670
	Provision for leave days expenses	518,563	-
	Net taxable Amount	14,477,964	9,990,299
	Total Corporate Tax (30%)	4,343,389	2,997,090
	Less: Corporate Tax on Interest income	(189,540)	-
	Corporate tax payable for the year 2024/2025	4,153,849	-
	Add: Corporate tax after KRA Assessment	506,554	-
	Add: Corporate Tax on Interest income	189,540	-
	Total Corporate tax Year 2024/2025	4,849,943	2,997,090

16	PROPERTY, PLANT AND EQUIPMENTS (2024/2025)							
	Land	Computer Equipment	Furniture & Fittings	Office Equipment	Plants & Equipment	Motor Vehicle & Cycles	TOTAL	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
	Cost or Valuation							
	At 1st July 2024	9,000,000	12,819,075	2,152,047	748,680	16,424,731	5,024,896	46,169,429
	Additions	-	2,800,000	127,995	-	-	2,000,000	4,927,995
	Depreciation on Donated Assets		-	-		(1,717,428)		(1,717,428)
	Depreciation on Revalued Assets	-	(713,053)	(145,680)	(18,960)		(208,008)	(1,085,701)
	At 30th June 2025	9,000,000	14,906,022	2,134,362	729,720	14,707,303	6,816,888	48,294,295
	Depreciation							
	At 1st July 2024	-	8,277,755	443,898	-	276,222	4,206,319	13,204,194
	Charge for the year	-	1,946,755	60,654		87,228	346,632	2,441,269
	Disposal		-	-			-	-
	At 30th June 2025	-	10,224,510	504,552	-	363,450	4,552,951	15,645,463
	Net book amount							
	At 30th June 2025	9,000,000	4,681,512	1,629,810	729,720	14,343,853	2,263,937	32,648,833
	At 30th June 2024	9,000,000	4,541,320	1,708,149	748,680	16,148,509	818,577	32,965,235

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

NB: The company has been provided with seven motor vehicles from Athi Water Works Development Agency to help improve on the company's operational efficiency. The vehicles have not been recognised in the company's book of account as the ownership of the same is with AWWDA. The company only incurs operational and Maintenance costs.

Property plant and Equipment for the year 2023/2024 is as shown below:

PROPERTY, PLANT AND EQUIPMENTS (2023/2024)							
	Land	Computer Equipment	Furniture & Fittings	Office Equipment	Plants & Equipment	Motor Vehicle & Cycles	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	TOTAL
Cost or Valuation							Kshs
At 1st July 2023	9,000,000	10,919,214	2,190,927	767,640	18,142,159	5,273,562	46,293,502
Additions	-	2,635,870	106,800	-	-	-	2,742,670
Donated Assets		-			-		-
Depreciation on Donated Assets		(22,956)	-		(1,717,428)		(1,740,384)
Revaluation	-	-	-	-	-	(25,984)	(25,984)
Depreciation on Revalued Assets	-	(713,053)	(145,680)	(18,960)		(222,682)	(1,100,375)
Disposals		-	-		-	-	-
At 30th June 2024	9,000,000	12,819,075	2,152,047	748,680	16,424,731	5,024,896	46,169,429
Depreciation							
At 1st July 2023	-	6,739,760	394,959	-	188,994	3,761,604	11,085,317
Charge for the year	-	1,537,995	48,939		87,228	444,715	2,118,877
Disposal		-	-			-	-
At 30th June 2024	-	8,277,755	443,898	-	276,222	4,206,319	13,204,194
Net book amount							
At 30th June 2024	9,000,000	4,541,320	1,708,149	748,680	16,148,509	818,577	32,965,235
At 30th June 2023	9,000,000	4,179,454	1,795,968	767,640	17,953,165	1,511,958	35,208,185

17	Inventories	2023/2024	2022/2023
		Kshs	Kshs
	Inventories	25,403,784	25,762,634
	Total	25,403,784	25,762,634

NB: The company never held water inventory as at 30th June 2025 as water produced was directly distributed to consumers.

18	Trade & Other Receivables	2023/2024	2022/2023
		Kshs	Kshs
	Trade Receivable (Note 18 a)	181,609,146	157,708,483
	Deposits & Prepayments (Note 18 b)	7,191,791	7,458,287
	VAT Recoverable	-	6,424,491
	Staff Receivables (Note 18 c)	309,300	155,800
	Other Receivables (18 d)	953,125	905,953
	Performance Guarantee - WASREB	-	3,500,000
	Grant - COG	-	-

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

18	Trade & Other Receivables	2023/2024	2022/2023
		Kshs	Kshs
	Isabel Wanjiku Maina - UBSUP	-	40,000
	Samuel Njuki - UBSUP	-	20,000
	WSTF UBSUP Grant Receivable	-	1,575,641
	Grant - CLSG (II) - WSTF	7,888,788	7,888,788
	Interest Receivable	-	1,121,237
	Total Trade Receivables	197,952,150	186,798,679

18. (a)	Trade Receivables	2024/2025	2023/2024
		Kshs	Kshs
	Trade Receivable	191,167,522	166,008,930
	Provision for doubtful receivables	(9,558,376)	(8,300,447)
	Net Trade Receivables	181,609,146	157,708,483
	As at 30th June 2025 the ageing analysis of the gross trade receivables was as follows:		
	Less than 30 days	21,973,606	19,081,771
	Between 30 and 60 days	9,579,269	8,318,590
	Between 61 and 90 days	5,412,237	4,699,960
	Between 91 and 120 days	6,024,873	5,231,970
	Over 120 days	148,177,537	128,676,640
	Total	191,167,522	166,008,930

18.(b)	Deposits and Prepayments	2024/2025	2023/2024
		Kshs	Kshs
	Kenya National Highway Authority	160,000	160,000
	Vivo Energy Kenya Ltd	1,130	196,555
	Ting'ang'a Office KPLC Deposit	3,000	3,000
	KPLC prepaid	100,000	100,000
	Water Deposit Paid to Amon Nderi	165,000	165,000
	Deposit Nairobi Water	52,500	52,500
	Rent deposit	260,000	260,000
	Deposit paid to Watija Enterprises for Bulk water purchase	50,000	50,000
	Prepaid Electricity	108,787	147,343
	Prepaid Medical Cover - Laser Insurance Brokers	6,186,374	6,323,889
	Prepaid rent (Ting'ang'a office)	96,000	-
	Mwandus KPLC Deposit	9,000	-
	Total Deposit & Prepayment	7,191,791	7,458,287

18. (c)	Staff Receivables	2024/2025	2023/2024
		Kshs	Kshs
	Gross Staff Loan & Advances	309,300	155,800
	Provision for Impairment Loss	-	-
	Net Staff Loans	309,300	155,800

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

18. (d)	Other Receivables	2024/2025	2023/2024
		Kshs	Kshs
	Due from Boniface Kariuki	-	9,328
	Due from Simon Muchara	56,500	
	Kikuyu Water	293,925	293,925
	Limuru Water	208,200	208,200
	Karuri Water	394,500	394,500
	Total Dues	953,125	905,953

19	Bank & Cash Balances	Account Number	2024/2025	2023/2024
			Kshs	Kshs
	Cash at bank			
	Family Bank - CLSG (II) Project	01000063735	7,752,645	7,880,885
	Family Bank CLSG II WSTF ESCROW	01000063754	4,076,875	544,450
	Family Bank UBSUP - 00100006666	01000066668	-	96,424
	Family Bank - Customer Deposits Account	001000006183	21,253,595	1,426,296
	KCB Operations Account	1101934018	5,284,706	2,260,147
	Post Bank	0744130008931	297,836	445,503
	National Bank of Kenya	01020099870100	381,818	29,765
	Equity Revenue Account	0640296360945	128,647	6,353
	Family Bank Revenue Account	001000017833	191	191
	Total Cash at bank		39,176,314	12,690,014
	Cash in hand		6,019	16,830
	MPESA ACCOUNT	885100	169,000	568,460
	Total Bank & Cash Balances		39,351,333	13,275,304

20	Short Term Deposit	2024/2025	2023/2024
		Kshs	Kshs
	Family Bank Limited	-	14,500,000
	Total Short Term Deposit	0	14,500,000

NB: The short term deposit matured in November 2024 but the amount was not placed during the year ended 30th June 2025 thus no short term deposit was held during the year.

21	TRADE AND OTHER PAYABLES	2024/2025	2023/2024
		Kshs	Kshs
	Due To Water Debtors	4,388,553	4,014,507
	Aberdare Chemical Limited	471,959	654,192
	Admark Enterprises Limited	-	180,374
	Ajuma Caterers and Bakers	144,050	24,700
	Antony Gitau Karanja	-	25,000
	Apex Piping Systems Ltd	-	179,080
	Aquatreat Solutions Ltd	36,828	155,524
	Assy Suppliers	35,500	
	Athi Water Services Board	35,228,016	35,228,016
	Athi Water Works Development Agency	30,190,438	21,432,699

Kiambu Water & Sewerage Company Ltd.**Annual Report and Financial Statements for the year ended June 30, 2025**

21	TRADE AND OTHER PAYABLES	2024/2025	2023/2024
		Kshs	Kshs
	Banjo Business Supplies	1,559,536	1,317,335
	Bromak General Merchants	448,058	
	Brosheen Africa Limited	629,390	
	Benadictar Kariuki	-	9,000
	Benard Kimani Njoroge	-	39,200
	Botbless Milkland	-	138,240
	Broadway Bakery Limited	-	33,120
	Canon Security Services Kenya Ltd	307,799	291,599
	Charles G. Shop	3,900	
	Charles Maranga S	-	3,440
	Charles Njuguna Gikonyo	-	100,000
	Charles Okodoi Obarasa	-	7,930
	Chazak Venture Limited	936,844	490,000
	Commisioner Of Domestic Taxes	4,234,633	2,997,090
	Conservancy Charges Payable To KMC	808,350	808,350
	Damasaff & Sons Agencies	845,127	1,877,526
	Danco Capital Ltd	1,591,251	3,268,064
	Danson Kiarie Njuguna	17,298	
	Davemart Enterprises Limited	724,042	
	Diana Chepkoech Cherotich	11,760	
	Doshi & Co. (Hardware) Ltd	41,486	-
	Eco Serve Consultants	2,355	
	Elfreyzz Ltd	-	3,000
	First Assurance Company	63,439	
	Gemini Stores Limited	586,608	627,000
	Grace Wanjiru Njuguna	17,500	
	Gichiru Water Project	-	43,900
	Godfrey Mukanga Njoroge	-	60,000
	Gridiron Holdings Limited	756,452	722,042
	H.G Motions Ltd	41,442	16,420
	Haddie Supplies Ltd	303,701	206,133
	Heritage Plumbing Works	42,768	42,768
	Iconic Automotive Limited	-	197,653
	Ideaz Software	19,500	-
	Intraspace Market Consultancy	931,280	-
	Iqplus (Kenya) Ltd	68,904	68,904
	Isaac Njiiri Ndirangu	8,750	
	Jactam Agencies	-	350,058
	Jamak Office Suppliers	129,280	71,729
	James M. Maina	11,427	
	James Rurigi Gathiru	14,290	
	James Mwangi	-	12,000
	James Njuguna.	-	75,000
	Jaytam Traders Limited	629,300	
	Jets Hardware And Paints	138,567	

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

21	TRADE AND OTHER PAYABLES	2024/2025	2023/2024
		Kshs	Kshs
	Joachim Wambuku	13,090	
	Joseph Kiaraini Kamau	11,820	
	Josna Motorcycle Garage & Spare Parts	36,700	
	Juhudi Smart Solutions Ltd	96,155	
	Jane Mwihaki	-	9,000
	Jennifer Kanini Musyoki	-	100,000
	John Runo Wainaina	-	60,000
	Joshua Gichuki Karanja	-	100,000
	Julia Wanjiku Wang'ombe	-	9,000
	Kam Furnitures	21,700	
	Kamindi S/MKT	398	
	Kamkam Limited	726,062	1,374,781
	Kelvin Mirara Kiria	15,794	
	Kenya Institute Of Supplies Management	1,299	
	Kenya National Audit Office	255,206	255,208
	Kenya National Qualification Authority	78,000	
	Kenya Water Institute	5,690	
	Kenya Power & Lighting Company Ltd	586,395	591,964
	Kiambu Senior Club	276,005	-
	Kiambu Water & Sewerage Company Ltd	19,228	-
	Kinuthia Stockist	2,100	
	Kibo Africa Limited	-	50,644
	Kinetic Engineering	-	272,700
	Leeways Control Systems & Supplies	45,270	-
	Lionet Investments	137,900	37,557
	Lucia Wambui Ndung'u	-	9,000
	M.B Mwangi & Company Advocates	521,998	521,998
	Macwan General Suppliers	543,641	34,500
	Madison Investment Managers Limited	-	87,000
	Manasses, Mwangi & Associates	567,555	567,555
	Margaret N. Muchiri	12,310	
	Martin Njoroge Njeri	-	100,000
	Mary Wambui Kabiari S	-	3,650
	Max Chege	-	100,000
	Maxcom General Suppliers	-	96,000
	Mechanical & Transport Fund	-	13,000
	Mercy Gichohi	-	21,000
	Nairobi Iron Mongers	2,461,516	421,166
	Nairobi Water Company Ltd	154,378,365	140,769,548
	Naivas Ltd	6,000	
	Netline Technologies Ltd	-	88,448
	Ngochi Hardware Paints And Tools	-	112,500
	Ngugi & Company Advocates	-	354,470
	Paloma Auto Garage	47,710	
	Paul Tino Mpishi	-	100,000

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

21	TRADE AND OTHER PAYABLES	2024/2025	2023/2024
		Kshs	Kshs
	Pefro Hardware	-	4,250
	Pelican Insurance Brokers (K) Ltd	215,257	-
	Peter Waithaka Mwangi	-	11,830
	Pluma Hardware	-	246
	Postal Corporation	220,900	220,900
	Proton Scientific Limited	196,980	
	Richard Ngare Ogech	7,820	
	Roadshub Engineering Design Ltd	34,800	
	Rentokil Initial (K) Ltd	-	283
	Ruiru Juja Water Company Ltd	38,000	21,000
	Saltonz Technologies Limited	1,941,000	
	Shandrack Ndiritu Waweru	17,500	
	Simjim Enterprises	14,600	
	Samson Obeva S	-	3,440
	Saru General Supplies	-	236,000
	Sedgwick Kenya Insurance Brokers Ltd	-	1,482,159
	Sematime Ltd	-	66,578
	Solidarity Auto General Supplies	-	585,796
	Stevens Kori Ng'ang'a	-	78,000
	Sunyaka Enterprises	-	4,000
	Suwagi Business Ventures	3,600	1,350
	Tabitha Maina	-	109,000
	The East African Wildlife Society	100,000	-
	Tiles & Carpet Centre Ltd	1,102,399	1,113,568
	Tradecrate Solutions	233,597	3,500
	Vas Consultants Limited	1,055,600	-
	Vinpet Enterprises	253,941	-
	Waithaka General	3,900	-
	Wanjau Wanjau & Mwangi Advocates Llp	323,885	-
	Water Companies Sports Organization	75,000	-
	Water & Sanitation Providers Association	-	116,000
	Water Resources Management Authority	10,508,193	4,587,817
	Water Services Regulatory Board	45,904,192	39,690,267
	Yuna Trading Company Limited	43,350	-
	Zacharia Karanja Gitau	-	25,000
	Total Trade & Other Payables	309,582,803	270,393,267

Ageing analysis of trade payables:

	2024/2025	% of the Total	2023/2024	% of the Total
Current	13,907,799	5%	20,248,133	8%
1-30	8,966,128	3%	2,532,235	1%
31-60	2,801,735	1%	2,443,923	1%
61-90	5,097,550	2%	2,812,102	1%

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

	2024/2025	% of the Total	2023/2024	% of the Total
> 90	274,421,039	90%	238,342,367	89%
Total	305,194,250	100%	266,378,760	100%

NB: Due from water debtors of Kshs. 4,388,553 is not included under ageing analysis as it is an overpayment by the water consumers.

			2024/2025	2023/2024
			Kshs	Kshs
22	22 (a)	Employees Payables	8,945,729	6,973,291
	22 (b)	Deferred Long Term Liability	15,334,331	17,074,715
		Less: Charge for the Year	1,717,428	1,740,384
		Net Deferred Long Term Liability	13,616,903	15,334,331

			2024/2025	2023/2024
			Kshs	Kshs
	22 (c)	Deferred Current Liability	14,068,740	14,466,740
		Less: Charge for the Year	5,668,788	398,000
		Net Deferred Current Liability	8,399,952	14,068,740

			2024/2025	2023/2024
			Kshs	Kshs
	22(d)	Customer Deposits		
		Opening Balance	19,431,295	17,226,295
		Add: Deposit received during the year	1,906,900	2,379,500
		Less: Refunded Deposit	(81,500)	(174,500)
		Closing Balance	21,256,695	19,431,295

23 (a)	Notes The Statement of Cash flows	2024/2025	2023/2024
		Kshs	Kshs
	Cash flow From Operating Activities		
	a) Operating profit before working capital changes	10,230,201	24,880,482
	Depreciation	2,441,271	2,118,879
	Operating profit/deficit before working capital changes	12,671,472	26,999,361
	Decrease/(increase) in trade and other receivables	(11,153,470)	(26,765,529)
	Decrease(increase) in prepayments and deposits	-	608,633
	(Decrease)/ increase in deferred current liability	(5,668,788)	
	(Decrease)/increase in Payroll Liability	1,972,438	
	Decrease(increase) Stock inventories	358,850	8,235,628
	(Decrease)/increase in payables and accruals	39,189,536	26,866,181
	change in working capital	24,698,567	8,944,913
	Net cash flow from Operating Activities	37,370,039	35,944,274
	b) Investing activities		
	Purchase of additional assets	(2,124,867)	124,072
	Net cash flow from investing activities	(2,124,867)	124,072
	c) Financing activities		
	Customer Deposits	1,825,400	2,205,000
	Deferred Liability	(1,717,428)	(2,138,384)
	Revaluation	(1,085,700)	(1,126,358)

Kiambu Water & Sewerage Company Ltd.

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

23 (a)	Notes The Statement of Cash flows	2024/2025	2023/2024
		Kshs	Kshs
	Members Equity	(22,691,415)	(25,084,291)
	<i>Net cash flow from financing activities</i>	(23,669,143)	(26,144,033)
	Net Increase / (Decrease) in cash and cash equivalents	11,576,029	9,924,313
	Movement in cash and cash equivalents		
	At start of year	27,775,304	17,850,991
	Increase / (Decrease) in cash and cash equivalents	11,576,029	9,924,313
	At end of year	39,351,333	27,775,304
	d) Analysis of Cash & Cash Equivalents		
	Short-term Deposit	-	14,500,000
	Cash at Bank	39,345,314	13,258,474
	Cash in Hand	6,019	16,830
	Balance at end of the year	39,351,333	27,775,304

23 (b) Statement Of Budget Comparison Against Actual Amount Received And Actual Amount Paid.			
Item Description	2024/2025 Revised Budget (KES)	Receipts & Payments as Per Cash flow Statement	Variance (KES)
Revenue			
Total Water & Sewer Billings	341,863,181	304,701,278	37,161,903
Total Billing for Other Services	7,431,200	-	7,431,200
Total Finance Income	919,422	2,400,775	(1,481,353)
Total Grant Income	-	1,436,182	(1,436,182)
Total Non-Operation Income	30,000	30,000	-
Total Revenue	350,243,803	308,568,235	41,675,568
EXPENDITURE:			
Total Staff Cost	127,242,412	124,312,897	2,929,515
Total General & Operations Expenses	143,518,200	94,401,394	49,116,806
Total Maintenance Expenses	65,399,340	69,297,025	(3,897,685)
Total Board Expenses	7,976,956	6,562,926	1,414,030
Total Recurrent Expenditure	344,136,908	294,574,242	49,562,666
Surplus / (Deficit)	6,106,895	13,993,993	(7,887,098)
Total Capital Expenditure	6,106,895	3,693,708	2,413,187
Total Capital & Recurrent Expenditure	350,243,803	298,267,950	51,975,853
Surplus / (Deficit)	0	10,300,285	(10,300,285)

Reconciled as follows:

Reconciliation of Budget Surplus to Cash and Cash Equivalents	
Description	KES
Budget Surplus/(Deficit)	(10,300,285)
Adjustments to reconcile budget result to net cash flows:	
- Depreciation expense	(2,441,271)
- Increase in receivables	(11,153,470)
- Increase in payables	35,513,503
- increase in inventory	(358,850)

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Reconciliation of Budget Surplus to Cash and Cash Equivalents	
Description	KES
Net Cash Flow from Operating Activities	11,259,627
- Purchase of plant & equipment	316,402
Net Increase/(Decrease) in Cash & Cash Equivalents	11,576,029
Opening Cash & Cash Equivalents	27,775,304
Closing Cash & Cash Equivalents	39,351,333

24. Related Party Disclosures

County Government of Kiambu

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

Other related parties include:

- The County Department in charge of Water
- Water Service Trust Fund (WSTF)
- Water Services Regulatory Board (WASREB)
- Water Resources Management Authority (WARMA)
- Athi Water Services Board (AWSB)
- Key Management
- Board of Directors
- Nairobi Water Company Ltd
- Ruiru Water & Sewerage Company Ltd
- Gatundu Water & Sanitation Company Ltd
- Karuri Water & Sewerage Company Ltd
- Kikuyu Water & Sewerage Company Ltd
- Githunguri Water & Sewerage Company Ltd.
- Limuru Water & Sewerage Company Ltd.

Transactions with related parties

		2024/2025	2023/2024
24	Transactions with related parties	Kshs	Kshs
	24. (a) Interest Income from family Bank	919,422	1,292,890
	Total	919,422	1,292,890
	24. (b) Bank Charges Paid to Commercial Banks	335,422	305,558
	M-pesa Charges	472,416	422,851
	Total Bank Charges	807,838	728,409
	24. © Key Management Remuneration		
	Directors	3,430,000	1,910,000
	Compensation to Key Management	26,657,814	25,772,953
	Total Key Management Compensation	30,087,814	27,682,953
	24. (d) Due to Related parties		
	Due to WASREB	45,904,192	39,690,267
	Due to Athi Water Services Board	65,418,454	56,660,715
	Due to Nairobi Water	154,378,365	140,769,548
	Due to WARMA	10,508,193	4,587,817
	Total Due to Related Parties	276,209,205	241,708,347
	24. (d) Due from related Parties		
	Due From Kiambu County Government (Departments)	66,845,039	60,938,196
	Due from Karuri Water	394,500	394,500

		2024/2025	2023/2024
24	Transactions with related parties	Kshs	Kshs
	Due from Kikuyu Water	293,925	293,925
	Due from Limuru Water	208,200	208,200
	Total Due from related parties	67,741,664	61,834,821

25. Contingent Liability

As at 30th June 2025 the company had no outstanding contingent liability.

26. Financial Risk Management

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

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

i) Credit risk

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

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

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Receivables from Water Debtors	191,167,522	42,989,985	138,619,161	9,558,376
Other Receivables	16,343,004	16,343,004	-	-
Bank balances	39,351,333	39,351,333	-	-
Total	246,861,859	98,684,321	138,619,161	9,558,376
At 30 June 2024				
Receivables from Water Debtors	166,008,930	37,332,290	120,376,193	8,300,447
Other Receivables	29,090,197	22,665,706	6,424,491	-
Bank balances	13,275,304	13,275,304	-	-
Total	208,374,431	73,273,300	126,800,684	8,300,447

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

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

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

The company has significant concentration of credit risk on amounts due from Kiambu District Hospital and Kiambu County Government as well as National Government Institutions. There is also a risk on amount owed to the company by a consumer who have sued the company.

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	22,873,207	7,899,285	274,421,039	305,193,530
Employee benefit obligation	8,945,729	-	-	8,945,729
Total	31,818,936	7,899,285	274,421,039	314,139,260
At 30 June 2024				
Trade payables	20,248,133	7,788,260	238,342,367	266,378,760
Employee benefit obligation	6,973,291	-	-	6,973,291
Total	27,221,424	7,788,260	238,342,367	273,352,051

iii) Capital Management

The water business is currently in a major expansion phase driven by a rise in demand and Government policy. The funding of additional transmitting and other distribution capacity is to be obtained from cash generated by the business and Government support. The adequacy of water tariffs allowed by WASREB and the level of Government support are key factors in the sustainability of the Company.

27. Incorporation

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

28. Events After the Reporting Period

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

29. Currency

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

20. Appendices

1. Appendix 1: Progress on follow up of auditor recommendation

Below is a progress of issues raised during the year 2023/2024 audit;

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Long Outstanding Trade and Other Receivables	<p>The statement of financial position and Note 18 to the financial statements reflects trade and other receivables balance of Kshs. 186,798,679 as disclosed in Note 18 to the financial statements. The debtors have increase have increased from an amount of Kshs. 161,563,453 as at 30 June, 2023 by Kshs. 25,235,181 or 16% of the prior year balance. Further, included in the balance are receivables amounting to Kshs. 133,908,610 which had been outstanding for more than 90 days. 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 accuracy and full recoverability of the outstanding receivables balance of Kshs. 186,798,679 could not be confirmed.</p>	<ul style="list-style-type: none"> ● <i>The increase in trade receivables was a result of:</i> <ul style="list-style-type: none"> ✓ <i>performance guarantee held by Family Bank for the Issuance of operating license which was not in the books of account during the year 2022/2023.</i> ✓ <i>Grant income receivable from WSTF under CLSG (II) Project of Kshs. 7,888,788 and UBSUP Project of Kshs. 1,575,641.</i> ✓ <i>Interest receivable of Kshs. 1,121,237 out of Kshs. 14,500,000 held at fixed deposit account.</i> ✓ <i>The long outstanding trade receivables is as a result of non-payment of bills by both the County and National Government institutions e.g. Kiambu District Hospital, Kenya Prisons, Kenya Police Services where the company does not disconnect most of these institutions by nature of the services the institutions offer despite having long unsettled bills.</i> ✓ <i>The company also faces challenges of disconnecting non-paying customers who have sued the company for disconnecting their services for non-payment despite them enjoying the services thus hindering further action by the company against the said customers whose debts keeps on accumulating.</i> ● <i>The company has taken the following steps in efforts to collect outstanding debts:</i> <ul style="list-style-type: none"> ✓ <i>The company has formed a revenue collection team whose daily mandate is to ensure disconnection of non-paying customers and</i> 	Not resolved	<p><i>This is a continuous process where the company engages the consumers on a daily basis in regard to payments.</i></p>

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>following up on the disconnected account to avoid cases of self-reconnection.</i></p> <ul style="list-style-type: none"> ✓ <i>Sending payment and disconnection reminder short messages (SMSs) to consumers with accounts in arrears to enhance revenue collection where payment reminders are sent seven days after billing and disconnection reminders are sent after 14 days of billing.</i> ✓ <i>The company has adopted technology where the disconnection tasks are assigned online</i> ✓ <i>Following up on those accounts that have been disconnected for more than three months and no payment has been made. The accounts are later disconnected from the main supply line.</i> ✓ <i>Entering into three months part payment agreements with consumers who are willing to pay to but cannot be able to raise the entire amount.</i> ✓ <i>Issuing of payment demand letters to consumers with long outstanding debts including both the National and County Government Institutions.</i> 		
2. Irregular Board Expenses	<p>The statement of profit or loss and other comprehensive income reflects Board expenses amounting to Kshs. 3,756,222 as disclosed in Note 12 to the financial statements. Examination of Board documents provided for audit revealed that the Board constituted only four (4) members from October, 2023 to end of March, 2024. Management did not therefore have well constituted Board as it did meet the minimum number of members required to form a full Board. Further, the list for the subcommittees held during the financial year was not provided for audit.</p> <p>In the circumstances, the validity of Board expenses totalling Kshs. 3,756,222 incurred in the year under review could not be confirmed.</p>	<ul style="list-style-type: none"> ● <i>During the financial year 2023/2024 the County Government was in the process of appointing new independent Board of Directors and two independent board members were appointed in June 2024.</i> ● <i>The company continued holding board meetings during the year with an independent chairman of the board and directors from the County Government of Kiambu so that the operations of the Company are not affected.</i> ● <i>Following the appointment of two additional board members by the County Government of Kiambu, the board has now the audit and risk</i> 	Not resolved	<p><i>The County Government of Kiambu was still in the process of recruiting the new board of directors which was not effected as at 30th June 2025.</i></p>

Kiambu Water & Sewerage Company Ltd.

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>management committee, technical committee as well as Finance & Administration committee in place.</i>		
3. Misstatement of Bank and Cash Balances	The statement of financial position and Note 19 to the financial statements reflects bank and cash balances amounting to Kshs. 13,275,304. However, the balance reported for under one local account had an unrepresented cheque amounting to Kshs. 76,065 dated 29 January, 2024 which had not cleared by October, 2024 and had since become stale. No explanation was given as to why the amount has not been reversed back to the cashbook. in the circumstances, the accuracy and completeness of the bank and cash balance totalling Kshs.13,275,304 could not be confirmed.	<ul style="list-style-type: none"> • <i>The company reported the stated anomaly and the bank rectified the error of omission as the cheque was held at the bank's suspense account.</i> • <i>The amount related to payment of unskilled casual labourers who were engaged for riparian marking and pegging and were paid on 29.01.2024</i> • <i>The cheque cleared on 10th December 2024 as evidenced by the clearing slip and respective bank statement for the month of December 2024.</i> 	Resolved	
Material Uncertainty Related to Going Concern	The statement of financial position reflects total current assets of Kshs. 240,336,618 and total current liabilities of Kshs. 291,435,298 resulting to a negative working capital of Kshs. 51,098,680 and a working capital ratio of 0.8. The Water Company therefore, may experience difficulties paying its bills as and when they fall due. Negative working capital implies that accounts payables of the Water Company are not paid on time. This material uncertainty casts significant doubt on the Company's ability to continue as a going concern which has not been disclosed in the financial statements. In the circumstances, the Water Company may not be able to meet its current obligations as and when they fall due.	<ul style="list-style-type: none"> • <i>To counteract the material uncertainty, the company has engaged Athi Water Works Development Agency and is in the process of executing a bulk water supply agreement, under which it will be supplied with 5,000 cubic meters per day bulk water for resale in Kirigiti, Riabai and Kiamumbi areas from a proposed offtake on Karimenu (II) Dam treated water mains and 3,000 cubic meters per day to serve areas of Thindigua and Anmer from the Northern Collector Tunnel system. This will lead to increased water coverage and revenues for the company.</i> • <i>The company received grant income from the Water Sector Trust Fund (WSTF) of Kshs. 15,777,574 under the Conditional Liquidity Support Grant (II) project towards upgrading</i> 	Not Resolved	<i>This is a continuous process where the company is working toward supplying water to unserved areas which will lead to improved revenues.</i>

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>7km existing water networks, extending 16km assorted diameters pipelines, purchase of two motorbikes and 4No ragged phones which was envisaged towards improving the company's Operational efficiency thus leading to increased number of connection and as a result increase in revenue. The tender was awarded to the contractor and the project is on its initial stage.</i></p> <ul style="list-style-type: none"> • <i>The project components comprise of:</i> <ul style="list-style-type: none"> ✓ <i>Extension of assorted diameters HDPE water supply networks in Gatitu, Kiu, Karunga, Kangoya and Kabae of Ndumberi.</i> ✓ <i>upgrading early bird and lower Kihingo UPVC water supply networks of Ndumberi</i> ✓ <i>Extension of assorted diameters water supply networks in Majiini ACK, Kiu River to Mubea.</i> ✓ <i>Upgrade assorted diameters UPVC water networks in Mugumo and Ting'ang'a.</i> ✓ <i>Extend water supply networks from Riabai to Kirigiti, Kiamumbi and existing water supply networks in Thindigua</i> • <i>The company also applied for provisional indexation of the tariff that was implemented in March 2023 to cater for inflation and change in operational conditions. The indexation was effected on 1st September 2024. This will lead to increase in billed revenue as well as improving on the current ration.</i> 		
1.4 Increase in Trade Payables	The statement of financial position reflects a balance of Kshs. 270,393,267 which is an increase of Kshs. 30,079,358	<ul style="list-style-type: none"> • <i>The increase in long outstanding payables was previously attributed by use of an old water tariff</i> 		

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>from Kshs. 240,313,909 reported in the year ended 30 June, 2023 as disclosed in Note 21 to the financial statements whose explanation was not provided. The continued increase in trade and other payables may be an indication that the Company's continued ability to settle financial obligations as and when they fall due is becoming doubtful.</p> <p>In the circumstances, Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.</p>	<p><i>which the company was using as from July 2014 to February 2023 and was not factoring in the rapid change in price of supplies over the years.</i></p> <ul style="list-style-type: none"> • <i>In mitigation the company has taken the following measures:</i> <ul style="list-style-type: none"> ✓ <i>Adoption of an approved cost recovery tariff which was implemented in March 2023.</i> ✓ <i>The company is in engagement with Athi Water Works Development Agency (AWWDA) to be supplied with bulk water for resale i.e. 5,000 M3 per day from Karemenu (II) Dam and 3,000 cubic meters per day from the Northern Collector tunnel system. This will increase on the company revenue thus helping in settling of long outstanding payables. This will lead to increase on the customer base in areas of Thindigua, Ndumberi, Kiamumbi and Ting'ang'a through extension of service lines. This will help for additional revenue thus enabling the company in settlement of the outstanding suppliers.</i> ✓ <i>The company is anticipating completion of Kiambu Ruaka Sewer project. This will lead to increase in new sewer connections thus increase in revenue which will help in settlement of long outstanding payables.</i> ✓ <i>Following the implementation of tariff indexation on 1st September 2024, will lead to increased billing and thus the company will be able to settle most of the outstanding payables.</i> 		

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>✓ <i>The company has a payment plan with Nairobi City water & Sewerage company Limited of making a weekly payment of Kshs. 600,000 as evidence by a commitment letter dated February 27, 2023 reference number KIWASCO/FINANCE/VOLVIII/47.</i></p>		
<p>1.2 Payables on Complete Uncapitalize d Projects</p>	<p>Included in the long outstanding payables is an amount of Kshs. 21,432,699 owed to Athi Water Works Development Agency. Review of supporting documents revealed that the amount is interest payable in six (6) months for loan number AWSBANASSIP AF/CAMPI/VV-8/13, signed on July, 2014, of Kshs. 521,000,000. The loan was channeled through the Authority from World Bank for two (2) water dams and treatment plants at Riara and Kamiti Rivers in Ndumberi and Githunguri areas of Kiambu County. The repayment was to start from the month of March, 2022 and end in the month of September, 2052. Physical verification of the two projects carried out on 14 November, 2024 revealed that the projects were complete and in use by the Company since the year 2017. However, no explanation was provided as to why the works were not capitalized to property, plant and equipment (PPE) even though the Company continues to derive commercial benefits from the works. The Company is exposed to fines and penalties and the financial statements are misrepresented.</p>	<ul style="list-style-type: none"> • <i>The company has not recognized the two water treatment plants in it books of account as the legal ownership has not been transferred to the company. The company has written to AWWDA on the legal position in regard to the transfer of ownership through a letter dated 21/05/2024 reference number KIWASCO/FINANCE/VOL. IX/052.</i> 	<p><i>Not Resolved</i></p>	<p><i>The company is in continuous engagement with AWWDA and the county.</i></p>
<p>2. Non-Adherence to National Cohesion Requirement on Ethnicity</p>	<p>The statement of profit or loss and other comprehensive income and Note 10 to the financial statements reflects staff costs amounting to Kshs. 111,443,567. Review of employee records for the Kiambu Water and Sewerage Company Limited revealed that sixty (60) or 60% of employees of the total staff of seventy-eight (78) were from domicile community yet the County is a cosmopolitan in nature</p>	<ul style="list-style-type: none"> • <i>The company progressively aims at achieving the legal requirement to conform to ethnic diversity as we have a non-discriminatory employment policy as contained on the company's Human Resource Manual section 2.5 on recruitment and appointments where the company shall be an equal opportunity employer and shall not in its recruitment</i> 	<p><i>Not Resolved</i></p>	<p><i>The company continuously adhere to the set rules and regulations on engaging new staff.</i></p>

Kiambu Water & Sewerage Company Ltd.

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>discriminate on the basis of gender, age, race, and ethnicity or entertain any other form of discrimination.</i></p>		
<p>3. Lack of Well Constituted Board from July, 2023 to June, 2024</p>	<p>Examination of Board documents provided for audit revealed that the Board constituted only four (4) members from October, 2023 to end of March, 2024. Management did not therefore have well constituted Board as it did meet the minimum number of members required to form a full Board. Further, it was noted that the Board of Directors had one (1) independent member as others were representatives. It was also observed that the Board meetings and committee meetings that took place between October, 2023 and March, 2024 did not have quorum as the number of members who attended were below the specified number of members on Mwongozo and the Unit's board charter.</p>	<ul style="list-style-type: none"> • <i>The company conducted meetings with the independent board of directors and directors from Kiambu County Government to ensure the operations of the company are not affected.</i> • <i>The County Government of Kiambu appointed two independent Board of Directors in June 2024.</i> • <i>The County Government of Kiambu is in the process of recruiting two additional board members to ensure compliance with WASREB guidelines and constitute the board fully.</i> 	<p><i>Not Resolved</i></p>	<p><i>The county Government of Kiambu was in the process of recruiting new board member with anticipation of having new board members before September 2025.</i></p>
<p>4.Excess Non-Revenue Water</p>	<p>During the year under review, the Company produced a total of 3,429,884 cubic meters (m3) of water out of which 2,341,594 cubic meters (m3) of water were sold (billed) to customers. The variance of 1,088,290 cubic meters (m3) represents unaccounted for water being 32% of the total water produced which is 7% above the allowable loss of 25% set by Water Services Regulatory Board (WASREB) Guidelines. The unaccounted-for water may have resulted into loss of sales estimated at Kshs. 117,997,341 worth of water as at 30th June 2024. In the circumstances the Company was in contravention of schedule E of Water Service Regulatory Board (WASREB) guidelines.</p>	<ul style="list-style-type: none"> • <i>Non-revenue water is the difference between volume of water produced and volume of water billed i.e. amount of water which is not billed and does not earn revenue to the company.</i> • <i>Non-revenue is a result of both physical and commercial losses.</i> ✓ <i>Physical losses constitute 40% of the UFW i.e. 435,316 cubic meters of the water lost. These are the losses as a result of both visible and invisible leaks as well as storage overflows. The company has continuously ensured timely repairs of the bursts and replacement of pipelines prone to bursts which is done in phases. To contain overflow on the main line from the storage tanks the</i> 	<p><i>Not Resolved</i></p>	<p><i>This is a continuous process.</i></p>

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>company has installed floating ball valves to shut the supply once the tanks fills. The tanks levels are also closely monitored 24hrs a day. The company has been continuously replacing old and dilapidated pipes with high-quality High-Density Polyethylene (HDPE). The company is also greatly affected by destruction of pipes by graders during road construction which increases the NRW component without respective compensation.</i></p> <ul style="list-style-type: none"> ✓ <i>Commercial losses constitute 60% of the UFW i.e. 652,974 cubic meters of the water lost - these are losses as a result of stuck meters, water bypasses before the meter and meter tampering. The company has frequently encouraged the staff to survey, inspect and report possible illegal connections where there is imposition of penalties to those customers who have connected the water illegally as per the guidelines provided for by WASREB. There is also a regular servicing of the meters on a monthly basis and replacement of old meters which are more than ten years old especially those inherited from the municipal council.</i> ● <i>The following are interventions have carried out by the company to help reduce the non-revenue water:</i> <ul style="list-style-type: none"> ✓ <i>Formation of a dedicated Non-Revenue Water (NRW) management team of four personnel whose core mandate is to reduce</i> 		

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>NRW. The company has continuously facilitated the NRW team for training on NRW reduction. As at December 2024 the average NRW of the company was at 30% i.e. it has reduced by 2% from an average of 32% during the FY 2023/2024.</i></p> <ul style="list-style-type: none"> ✓ <i>The company has zoned its supply area in smaller units (District Metered Areas) to analyze system input through a bulk meter and system output from consumer meters then compute NRW.</i> ✓ <i>The company undertook Pressure measurements and Minimum night flows in the DMAs to categorize the percentage contribution of physical and commercial loses in the overall NRW. Several clean up exercises of the DMA are applied (pipeline replacements, Consumer meters testing, replacement, realignment, relocation, remapping accessories in the DMA, step by step leak detection using ultrasonic meters and sounding using acoustic equipment's for underground leaks) to contain NRW to below the required threshold.</i> 		
<p>1. Lack of Audit and Risk Management Committee</p>	<p>During the year under review, it was noted that Kiambu Water and Sewerage Company Limited had not constituted an active audit and risk management committee as required by various legal and regulatory frameworks to ensure sound financial management and risk oversight for the entity.</p>	<ul style="list-style-type: none"> ● <i>Following the appointment of two additional board members by the County Government of Kiambu, the board has now the audit and risk management committee which was formed in September 2024 and chaired by one of the directors i.e. Shadrack Ndiritu Waweru who was appointed on 5th September 2024.</i> 	<p><i>Resolved</i></p>	

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2. Understaffed Human Resource	The statement of profit or loss and other comprehensive income reflects staff cost amount of Kshs. 111,443,567 as disclosed in Note 10 to the financial statements. Examination of the Human resource records revealed that the unit was understaffed. Further, the staff establishment list provided for audit revealed that staff in post of seventy-eight (78) against an approved establishment of one hundred and seven (107) resulting to understaffing of twenty-nine (29).	<ul style="list-style-type: none"> • <i>Following the recent interventions carried out by the company to have water supplied to Kiamumbi and Thindigua out of the funding received from WSTF under CLSG (II) project will result to increase in revenue thus improving the company's ability to pay and engage the new employees to fill in the vacant positions.</i> 	Partially Resolved	This will be achieved once the CLSG (II) Project is fully completed.

2. Appendix 1: Projects Implemented by the company funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment(K SH)	Separat e donor reportin g required as per the donor agreeme nt (Yes/No)	Consolidat ed in these financial statements (Yes/No)
1. Kiambu Ruaka water & Sewer project Scope	AWSB/AfDB/KTWWSP/W-01/2018	AfDB	2019-2024	895,000,000	No	No
Supply and delivery and installation of 225 consumer meters and assorted diameters 23.5km	KIAWASCO/CLSG2/001/2024-2024	WSTF	2024-2025	15,777,575	No.	Yes
Kiambu Household sanitation project	03HAWWDA/KIAMBU/KIAMBU017	WSTF	2023-2025	5,250,485	No.	Yes
2.Thindigua water supply networks	-	GOK	2020-2024	40,000,000	No	No
3.Two Covid B/Hs	-	GOK	2020-2022	60,000,000	No	No
4. Kiambu urban water supply project	AWSB/WASSIP/AF-CS-22-2013	Wassip 11	2015-2017	600,000,000	No	No
5. Riabai Kihingo water project	05W/AWSB/KIAMBU/34	WSTF	2012-2014	15,187,999.45	No	No
6.Kiambu Municipality sanitation project	05S/AWSB/KIAMBU/04	WSTF	2013-2014	4,257,874.00	No	No
7.Rockline water supply project	06W/AWSB/KIAMBU/76	WSTF	2014-2015	11,023,320.00	No	No
8. Indian Busar water supply project	06W/AWSB/KIAMBU/75	WSTF	2014-2015	13,915,160.00	No	No