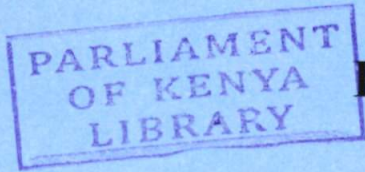


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
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REPORT

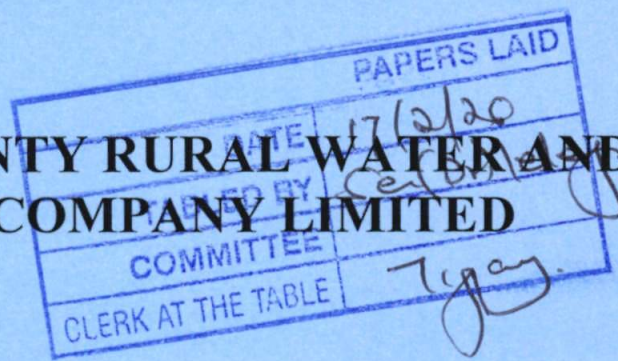
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OF

THE AUDITOR-GENERAL

ON

KAKAMEGA COUNTY RURAL WATER AND
SANITATION COMPANY LIMITED



FOR THE YEAR ENDED
30 JUNE, 2025



KAKAMEGA COUNTY RURAL WATER AND SANITATION COMPANY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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

5 DEC 2025

Kakamega County Rural Water and Sanitation Company Ltd
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1. Acronyms and Glossary of Terms

A. Acronyms

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>ISSAI</i>	<i>International Standards for Supreme Audit Institutions</i>
<i>CGK</i>	<i>County Government of Kakamega</i>
<i>CPA</i>	<i>Certified Public Accountant</i>
<i>FY</i>	<i>Financial Year</i>
<i>SMS</i>	<i>Short Message Sent</i>
<i>NRW</i>	<i>Non-Revenue Water</i>
<i>KPI</i>	<i>Key Performance Indicator</i>
<i>CSR</i>	<i>Corporate Social Responsibility</i>
<i>USAID</i>	<i>United States Agency for International Development</i>
<i>WKWP</i>	<i>Western Kenya Water Project</i>
<i>MD</i>	<i>Managing Director</i>
<i>Eng.</i>	<i>Engineer</i>
<i>SFP</i>	<i>Statement of Financial Position</i>
<i>SCI</i>	<i>Statement of Comprehensive Income</i>
<i>SCIE</i>	<i>Statement of Changes in Equity</i>
<i>SCF</i>	<i>Statement of Cash Flows</i>

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Kakamega County Rural Water and Sanitation Company Ltd
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2. Key Entity Information

Background information

Kakamega County Rural Water and Sanitation Company Limited (KACRUWASCO) is a creation of the Kakamega County Water and Sanitation Services Act, 2021. It was incorporated on March 12, 2021 under the Companies' Act, 2015. The company is 100% owned by the County Government of Kakamega. The Kakamega County Rural Water and Sanitation Company Ltd has eight (8) Directors as members of the Board (BOD), which is the highest decision-making organ of the company, with its head office currently located in Mumias town. The company is still in its initial phase of setting up its systems and structures to be fully suited to discharge its mandate as a Water Service Provider (WSP) as required by the national sector regulator, Water Services Regulatory Board (WASREB)

Principal activities of Kakamega County Rural Water and Sanitation Company

The services to be provided by the Company are as follows;

1. Provision of water and sanitation / sewerage services within Kakamega rural.
2. Operations and maintenance of water and sanitation facilities
3. Planning, design and development of water and sewerage infrastructure
4. Managing commercial operations (meter reading, billing, revenue collection, handling customer relations, efficient utilization of revenues)
5. Extending water distribution and sewer network, or sanitation services to increase coverage
6. Sourcing, treatment, storage, transmission and distribution of water
7. Collection, treatment and safe disposal of wastewater to regulatory standards
8. Conservation of water

Our Vision: To be the best rural water and sanitation services provider

Our Mission statement: To provide quality, reliable and sustainable water and sanitation services to our customers

Our values: The mission and vision of the company shall be realized by embracing the following core values;

- Customer focus
- Innovation
- Professionalism

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- Integrity
- Environmental conscious
- Diversity & Inclusivity
- Team work

Directors

Directors

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

1. Hon. Silverse Lisamula Anami - Chairman- 14th May 2024 to date
2. Dr. Joseph Ongoma. Aswani - Chief Executive Officer – 9th May 2024 to 7th February 2025
3. Mr Titus Omondi Mumia - Ag. Chief Executive Officer-25th February to date
4. Prof. Francis Orata - Member of the Board
5. Mr. Albert Tungani - Member of the Board
6. CPA Fredric Toloyi - Member of the Board
7. Patrick Ligami - Member of the Board
8. Ms. Lucie Chogu - Member of the Board
9. Mrs. Mariam Claris Nyongesa - Member of the Board
10. Dr. Jeophita June Mwajuma - Member of the Board

Company Secretary

The County Attorney

County Government of Kakamega

Registered Office

Kakamega, Kenya

Mumias Municipal Building

Kakamega -Bungoma Road

P.O Box 647 – 50100

Kakamega

Corporate Headquarters

Kakamega County Rural Water and Sanitation Company Ltd
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P.O. Box 647 – 50100

Mumias Municipal Building

Kakamega -Bungoma Road

Kakamega, KENYA

Corporate Contacts

Telephone: 020 230 0001

E-mail: kacruwasco.037@gmail.com

Corporate Bankers

Kenya Commercial Bank

P.O Box 152-50100

Kakamega Branch

Independent Auditor

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

Principal Legal Advisers

The County Attorney

County Government of Kakamega




County Headquarters, Kakamega – Kisumu Road Junction

P.O. Box 36 – 50100



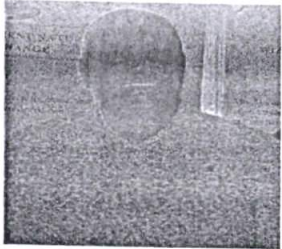
Kakamega, Kenya

**Kakamega County Rural Water and Sanitation Company Ltd
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3. The Board of Directors

Ref	Directors	Details
1.	 <p>Hon. Silverse Lisamula Anami</p>	<p>Age- 70 The chairman of the full board was appointed by the governor on 13th May ,2024</p> <p>He holds a Masters In Education,Music and Cultural Studies. Independent expert for UNESCO Convention Former Member of National Assembly,11th Parliament</p> <p>Is an independent director.</p>
2.	 <p>Prof. Francis Orata</p>	<p>Age- 52 Years old He holds a PHD, MSC,BSC- Environmental and toxicology chemistry-water treatment technologies and analysis He has working experience of 20 years.</p> <p>Is an independent director. Chairperson – Technical & Environment Committee</p>
3.	 <p>Mr. Albert Tungani</p>	<p>Age- 59 Years old He holds a BA-Education He has experience as an Executive secretary KNUT Butere Branch and as aTeacher</p> <p>Is an independent director. Chairperson – Finance, HR & Administration Committee</p>
4		


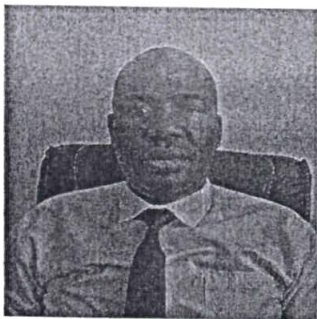
**Kakamega County Rural Water and Sanitation Company Ltd
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	 <p>Hon. Lucie Chogo</p>	<p>Age- 50 Years old She holds a B.E.D (E.C.C.D) She has experience as a Former MCA-Kakamega County Assembly and Chairperson Kakamega Women Network Organization</p> <p>Is an independent director. Member Audit Committee</p>
5	 <p>CPA Fredric Toloyi</p>	<p>Age- 48 Years Old</p> <p>He holds an MBA,BSC,CPA(K)</p> <p>He has over 15 years experience in Finance and Audit Is the Chief Financial Manager Lake Victoria North Water Works Development Agency Chairman Audit Committee</p>
6	 <p>Mr. Patrick Ligami</p>	<p>Age- 64 Years old</p> <p>He holds a Masters in Education He has experience in Water matters.</p> <p>He is a Member of the Technical and Finance, Human Resource and Administration.</p>





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7	 Mrs. Mariam Claris Nyongesa Chief Officer, Water	<p>Age- 40 Years old</p> <p>She holds a Masters in Crop Protection (Masinde Muliro University of Science and Technology) She is the CGK representative from the Ministry of Water She is a member of the Technical Committee</p>
8	 Dr. Jeophita June Mwajuma Chief Officer Finance	<p>Age- 53 Years old</p> <p>She holds a Doctor of Philosophy in Environmental Microbiology She is the CGK representative from the Ministry of Finance. She is a member of Finance, Human Resource and Administration Committee.</p>
9	 Dr Joseph Ongoma Aswani	<p>Age- 54 Years old</p> <p>The Chief Executive Officer from 9th May,2024 to 7th February,2025</p> <p>He holds a PHD in Human Resource Management</p> <p>He has more than 25 years experience in Human Resource and Strategic management. Secretary to the Board of Directors.</p>
10	 Titus Omondi Mumia	<p>Age-40 Years Old</p> <p>The Ag. Chief Executive Officer from 25th February,2025</p> <p>PHD in Human Resource Management-On going MBA Human Resource Management</p> <p>He has 16 years of working experience in both the public and private sector.</p>

4. Key Management Team

	Key Management	Details
1.	 Dr. Joseph Ongoma Aswani	The Chief Executive Officer from 9 th May, 2024 to 7 th February 2025 He holds a PHD in Human Resource Management He has more than 25 years experience in Human Resource and Strategic management. Secretary to the Board of Directors.
2.	 Titus Omondi Mumia	The Ag. Chief Executive Officer from 25 th February, 2025 PHD in Human Resource Management-On going MBA Human Resource Management He has 16 years of working experience in both the public and private sector.

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3.	 Mary Ndiema	Technical Manager from 1 st June,2024 to 17 th February, 2025 She holds a Bachelor degree in Civil Engineering and a Bachelors degree in Water engineering.
4.	 Patrick Mukenya	Technical Manager from 18 th February,2025 Holds a Diploma in Water Engineering with a bias in design, Construction, Operation and Maintenance of water infrastructure.
5.	 CPA Simiyu Stacy Nekoy	Accountant from 1 st October,2023 to date Holds a Bachelor of Science in Accountancy degree Is a Certified Public Accountant
6.	 Linda Ayuko	Human Resource Officer from 1 st June,2024 to date Holds a Bachelor of Science in Human Resource Management degree

5. Chairman's Statement



Dear Stakeholders,

I am pleased to present this year's Chairman's Report for Kakamega Rural Water and Sanitation Company. The year has been marked by progress, challenges, and a clear path forward.

Key Achievements

- **Expanded Water Access:** Supply coverage grew by 12%, reaching more rural households.
- **Operational Efficiency:** Digital billing streamlined processes and reduced non-revenue water.
- **Licensing:** Secured WASREB approval, strengthening our legal mandate and resource mobilization.

Strategic Initiatives

- Upgraded infrastructure through pipeline expansion and rehabilitation.
- Rolled out metering programs to enhance billing accuracy.
- Advanced sustainability by integrating solar-powered systems.
- Engaged with communities, county government, and partners to align with sector priorities.

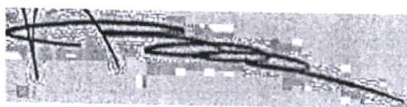
Challenges

- Rising electricity and operational costs.
- Aging infrastructure in older service areas.
- Increasing regulatory requirements demanding more resources.

Looking Ahead

- Extending water access to underserved areas through partnerships.
- Scaling up smart technologies such as advanced metering infrastructure (AMI).
- Building staff capacity for future demands.
- Strengthening financial sustainability through prudent management.

I extend my gratitude to our Board, staff, partners, and communities for their support. Together, we will continue delivering safe, reliable, and sustainable water services while positioning the Company as a leader in the sector.



Hon. Silverse Lisamula Anami, Chairperson Board of Directors

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

6. Report Of the Managing Director

It is my pleasure to present the Kakamega Rural Water and Sanitation Company (KACRUWASCO) 2024/2025 Annual Report.

This year's focus was on reviving and upgrading water schemes, addressing pending bills, and strengthening operational efficiency. Our performance demonstrates the positive results of disciplined revenue collection, cost management, and a renewed commitment to service delivery.

Performance Highlights

- **Financial Growth:** Annual revenue collection efficiency rose to 84% despite economic challenges.
- **Connectivity Expansion:** Household connections grew from **4,659 to 5,180**, representing a **12% increase**.
- **New Schemes:** Four new schemes—Musamba, Emakale, Ebuchinga and Mutaho successfully added, expanding reach to more communities.
- **Workforce Development:** Staff capacity was strengthened with the secondment of a technical officer and internal auditor, recruitment of an accounts assistant and training for 12 employees.

Strategic Priorities and Culture

Our ambition is to build a **high-performance, value-driven culture** centered on efficiency, accountability, and customer satisfaction. We remain guided by our purpose: to ensure rural communities “**do more, feel better, and live longer**” through access to clean, reliable, and affordable water.

Customer demand for value remains central, and challenges such as rising electricity costs, vandalism, and infrastructure disruptions from roadworks have required resilience and adaptability.

Growth Opportunities

We see significant potential in expanding coverage across Kakamega County:

- **Population Growth Areas:** Targeting fast-growing regions for infrastructure expansion.
- **Underserved Communities:** Extending services to rural and remote households.
- **Institutional Connectivity:** Schools, churches, and businesses remain critical expansion opportunities.
- **Partnerships and Incentives:** Leveraging government support, donor funding, and development collaborations.
- **Climate Resilience:** Integrating renewable energy and water resource management for sustainability.

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Governance and Compliance

KACRUWASCO continues to embed strong governance and accountability frameworks in all operations. A holistic compliance structure, guided by the Human Resource Manual and corporate governance policies, ensures ethical practices, risk management, and transparency. These efforts position the company for sustainable growth and improved stakeholder trust.

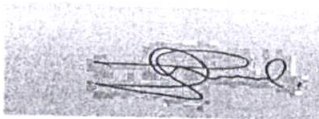
Our key priorities for the coming year include:

- Expanding water access in underserved areas.
- Increasing revenue collection and cost discipline.
- Scaling up technology adoption, including digital billing and smart metering.
- Strengthening staff capacity through training and strategic recruitment.
- Building stronger community engagement and partnerships for sustainability.

Appreciation

On behalf of KACRUWASCO, I extend sincere gratitude to our employees, Board of Directors, partners, donors, and customers for their commitment throughout the year. Your support has been instrumental in driving progress.

As we move forward, we remain committed to delivering on our mandate, embracing innovation, and working together to make *Amatsi Khumuliango* a reality for every household in Kakamega County.



Titus O. Mumia

Ag. Managing Director

Kakamega County Rural Water and Sanitation Company Ltd
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7.Statement Of Performance Against Predetermined Objectives for FY 2024/2025

KACRUWASCO has 7 strategic objectives within the current Strategic Plan for the FY 2022- FY 2026. These strategic objectives are as follows:

- Overall Objective** **To be an independent, innovative, effective and efficient water and sanitation company capable to discharge its mandate.**

- Strategic Objective No.1 To improve water services coverage from 35 % in 2022 to 60 % in 2026 and sewerage services coverage from 0% to 2 % in 2026.
- Strategic Objective No.2 To be a commercially viable water and sanitation services company
- Strategic Objective No.3 To achieve sound Operations and Maintenance Practices for improved efficiency
- Strategic Objective No.4 To achieve progressive improvement of water and sanitation services from 2,750 water customers to reach 18,250 water customers and 1,000 sanitation customers by 2026
- Strategic Objective No.5 To establish and enhance institutional development of the company
- Strategic Objective No,6 To promote good corporate governance by the company
- Strategic Objective No.7 To enhance collaborations and synergies with other stakeholders and actors in the sector and industry

KACRUWASCO develops its annual work plans based on the above objectives. The company achieved its performance targets set for the FY 2023/2024 period for its 7 strategic pillars, as indicated in the diagram below:

STRATEGIC PILLAR	OBJECTIVE	KEY PERFORMANCE INDICATOR	ACHIEVEMENT
To improve water services coverage	Develop a Water Master Plan for Kakamega County overall -Project development plans	Approved water master plan	Master plan is in place at the county level.

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	Develop a Sewer Master Plan for Kakamega Rural Jurisdiction - Project development plans	Approved sewer master plan	No sewer plan in place
	Augment/rehabilitate/renew existing water supply schemes (10 No) to improve production from 787 m ³ / day to 1,187 m ³ / day .	Quantity of water produced	Rehabilitated two schemes misango and siville water Schemes current production is approximately 24,375m ³ /month, 1,107 m ³ /day
	Complete the construction and commissioning of the Mungakha Water Project to increase production by additional 168 m ³ per day	Complete and commissioned project	Completed and operational
	Distribution pipelines, storage/break pressure tanks and customer reticulation network	Length of pipeline distribution	Pipeline distribution network has been done for 7.3 km in the FY.
	Introduce Exhauster services to manage septic waste sites to dispose from 150 premises	No of waste sites	No exhauster services yet
To be a commercially viable water and sanitation services company	Undertake commercial viability and sustainability studies for the Company	Report	With support from KIWASH, we have done for three schemes namely Musembe, Lumino and Navakholo
	Increase number of customers from 2700 to 3500 by end of 2022	Total number of customers served	Customers increased to 4,659
	Develop and adopt a new Water and sewer tariff	Tarriff document	Yet to adopt water and sewer tariff, management is in the process of obtaining licence
	Purchase and install suitable customer water meters progressively	No. of metered customers	356 new meters installed within the financial period
	Embrace ICT in billing and revenue management.	Application of ICT billing management	Sulis billing system has been incorporated.

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	Improve water revenue collection from average Kshs 200,000 per month in February 2022 to Kshs 500,000 per month in 2023	Revenue collected	Increased revenue collection to an average of Kshs 1,100,000
	Progressively reduce the number of customers on flat rate to nil	No. of flat rate customers	375 meters installed as at June 2023
To achieve sound Operations and Maintenance Practices for improved efficiency	Undertake continuous training of staff in water supply operations and plant maintenance (KEWI courses)	No. of training sessions conducted	2 Staff training sessions done across all the schemes
	Recruit qualified technical staff from 2022-2024	No. of technical staff	1 staff recruited but qualified staff are seconded from KACWASCO and the county government.
	Outsourcing relevant technical services where necessary, eg pump servicing	No. of technical services outsourced	Technical services are outsourced on need basis
	Adoption of modern technology in O & M, eg solar, biogas, and automation	No. of modern technology adopted	Hybrid solar system across all the water supplies to replace electricity
	Procure 3 No Pick-up vehicle for O & M functions	No. of pick-ups procured	No motor vehicle procured in the financial year
	Procure 7 No motor cycles for O & M activities (Two per each Region & one for HQ)	No. of motorcycles procured	Received 10 motor cycles through donation from the county government and have serviced and maintained therefore no need to procure the same
To achieve progressive improvement of water and sanitation services to from 2,750 water customers to reach 4,000 water customers and 1,000 sanitation customers by 2024	Increase water distribution network by completion and commissioning of Matunda Water Project, Lumino Dam Water Supply Project, Mungakha Water Supply Project to cover additional 130 km	No. of new customers connected	5,120 total customers

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	Facilitate customer service lines by 130 km to serve additional 7,000 customers in Matunda (2,000), Lumino dam area (2,000),Lwakhupa (2,000) and Mungakha area (1,000).	No. of customer service lines completed	Customer service lines done across all the three except Matunda water project, 7.3 km covered in total.
	Increase sewer network in townships to improve safe disposal and protect the environment.	Improvement in environmental safety and sanitation	Commisioning of one abolition block in Mayoni.
	Establish stores management for minimum stocks of pipes, fittings, meters and equipment for water and sewerage services to ensure continuous progress of works.	Monthly report	Stores management reports available
To establish and enhance institutional development of the company	To develop a Human Resource Management Policy Manual	Approved Human Resource Management Policy Manual	Human Resource policy approved
	Undertake staff job evaluation so as to re-deploy by end of 2022.	No. of staff evaluated and redeployed	Not yet done
	Conduct annual performance appraisals for staff from 2022.	No. of staff appraised	No performance appraisal done
	Adopt improved Management Information System by 2023.	Implementation of the Management Information system	Sulis Management Information system implemented in billing.
	Enhance employee and customer satisfaction on continuous basis	Employee and customer sartisfaction survey	No survey done within the year.
	Enhance use of ICT in the company	No. of business processes digitized	Billing process and bills distribution have been fully digitized. Meter reading is partially digitized by the use of mobile phones for automated meter reading.

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	New office accommodation, plus branding	Completion and occupancy of new office	The company now occupies the first floor of the municipal building and the offices are renovated
	Procure suitable 1 No Saloon Vehicle 4 Wheel Drive (CEO) and 2 No. Double Cabin Pick-Up (Corporate Team Managers)	No. of Motorvehicles procured	1 double cabin procured
	Enhance equity, internal processes and compliance	No. of internal audits conducted	Three Internal audits conducted within the year.
To promote good corporate governance by the company	To develop an organization structure responsive to the core business of the company	Approved Organization structure	Organisation structure developed
	To enhance good corporate governance and ethical conduct	No. of corporate governance training	One training conducted for Board of Directors and Management.
	To develop Corporate Social Responsibility (CSR) policy and practices	Approved Corporate Social Responsibility (CSR) policy	Corporate Social Responsibility (CSR) policy and practices not developed
To enhance collaborations and synergies with other stakeholders and actors in the sector and industry	Mapping of stakeholders and relevant actors	Stake holders mapping level	Stakeholders mapping yet to be done.
	Stakeholders' engagements and consultations	No. of stakeholders engagements done	2 engagements conducted at Malava, and Ebuchinga
	Communication and information sharing	No. of communication updates shared with stakeholders	periodic updates made on the company Website and social media platforms
	Develop strategies for resource mobilization	No. of partnerships formed for resource mobilization	Two partnerships formed for resource mobilization including USAID-WKWP

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

	Strengthen collaborations and partnership with the Lake Victoria North Water Works Development Agency.	Frequency of collaboration meetings with the agency	The agency represented by a Board Member.
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8. Corporate Governance Statement

At KACRUWASCO, the efficient and effective delivery of water services anchored on the progressive realization of the basic human right to water is guided by principles of integrity, transparency, and good governance. The company operates as a commercial enterprise, applying sound business practices to enhance efficiency and stakeholder confidence. The Board of Directors is responsible for the overall corporate governance framework, ensuring accountability and alignment with the County Integrated Development Plan (CIDP) while safeguarding the long-term interests of stakeholders across Kakamega County.

The Board represents and serves the interests of the appointing authority while considering the needs of all stakeholders, including employees, suppliers, and the rural community. It is accountable to the County Executive Committee Member (CECM) for Water, who in turn reports to the Governor and ultimately to the citizens. Strategic direction and risk management are overseen by the Board, while implementation is delegated to management under the leadership of the Chief Executive Officer, supported by senior managers. The Board exercises its authority through a charter that defines its powers, responsibilities, and interactions with management. Key committees—Finance, HR and Administration; Technical and Environmental; and Audit and Risk Management—support the Board in fulfilling its mandate.

KACRUWASCO’s governance structure includes a Chairman, Hon. Silverse Anami Lisamula, the CEO, the County Attorney, CS Vivianne Mbaka. The Board values diversity in skills, experience, and backgrounds, recognizing that this mix is critical for effective oversight and decision-making. It continues to assess its skills composition to ensure relevance in addressing current and emerging governance and business challenges, thereby maintaining strong accountability, ethical conduct, and stakeholder trust.

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The Board Of Directors, Process of appointment and removal, The size, Diversity, and demographics of the Board

The board represents and serves the interest of the appointing authority, while considering the interests of all other stakeholders including employees, suppliers and the wider rural community. The board is accountable to the department of water for strategic direction, control and risk profile of the company, it enhances stakeholder value. Implementation of the board approved strategy is delegated to management through a formal delegation of authority to the CEO . The CEO is supported by members of the senior management team.

Board Charter

The board charter, currently in its final stages, sets out the role of the board and how it exercises its powers and responsibilities. Certain authorities are delegated to three board committees namely the Finance , HR and Administration Committee, the Technical and Environmental Committee and the Audit and Risk Management Committee. The charter also defines the relationship and interaction between the board and management, including matters reserved to the board. The structure chart outlined below provides an overview of the company's current governance structure.

Related Party Transactions

The Company recognizes that related party transactions are an integral part of its operations and may arise in the normal course of business. At present, the Company does not have a formal written policy governing related party transactions.

However, management ensures that all such transactions are conducted at arm's length and in the ordinary course of business, in compliance with applicable laws and regulations. The Company is in the process of developing and adopting a formal Related Party Transactions Policy to strengthen transparency, disclosure, and accountability in future reporting periods.

Kakamega County Rural Water and Sanitation Company Ltd
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Appointment of directors

The board has an appointed chairman, Hon. Silverse Anami Lisamula and the Acting CEO is Mr. Titus Omondi Mumia . The composition of the board is as highlighted on page vii

Company Secretary

The company secretary is the County Attorney CS Vivianne MMBaka who is directly accountable to the board through the chairman on all matters to do with proper functioning of the board and the board committees. All directors have access to the services through the Company Secretary.

Board skills composition

KACRUWASCO board recognizes that having a diverse range of skills, backgrounds and experience among its directors is important for relevant decision making and effective governance. The objective is to have the required link of expertise and experience on the board so that it can effectively discharge its Corporate Governance and oversight responsibilities. It's the boards view that the current directors pose an appropriate mix of relevant skills, experience, expertise and diversity to enable the board to discharge its responsibility and activities through company's strategic objectives.

The board has identified the following mix of skills that it seeks to achieve in short and long term. The board will regularly review its skills matrix to make sure it covers the skills needed for better lasting and emerging business and governance issues relevant to the entity.

Skills and Experience

- Corporate Governance	- Innovation of technology
- Risk and compliance oversight-Audit	- Health, safety, sound and environment responsibility
- People management	- Stakeholder communication engagement
- Technical experience, both finance and water sector.	- Critical and motivative thinking
- Political experience	- Negotiation and influence
- Legal and regulatory approval	

Induction training and development

All directors receive a letter of appointment that acts out their duties, the company's expectations and the terms and conditions of their appointment. New directors are provided with an induction programme that encompasses the following activities: -

- Board risks company vision, values, strategy, culture and objective
- Company organization, status, structure and financial

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- Corporate Governance framework and details.
- Board operation and processes
- Board committees
- Key management personnel
- Water schemes and locations
- Stakeholders and partners

All directors are offered ongoing professional development and training to enable them to develop and maintain their skills and knowledge. At KACRUWASCO, directors are challenged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the company. Structured director development was incorporated into formal managements, for example annual performance contracting strategy session with senior executives of the company.

Board Performance Evaluation

The board of KACRUWASCO is committed to formally evaluating its own performance, the performance of its committees as well as individual directors as well as the government processes supporting the board. The point of reference in this case being the PMC signed between the board and the chairman. The board will endeavor to ensure a performance evaluation as conducted annually in accordance with its performance Evaluation Process as may be determined by the board.

The board Chairman and the CEO performance reviews will be collected by the Chairmen of the Sub-committee and the result will be reported to the full board. The Board chair and the CEO have specific KPI'S (Financials and non-financial aspects) from the PMC document which will be reviewed annually and their performance will be evaluated against those KPI's and the company will disclose in it's corporate governance whether such performance evaluation has been undertaken.

Director's Independence

Directors are not involved in decisions where they have, or could be previewed which have a conflict of interest or a material personal interest. Any director who considers that there may be a conflict of interest or a material personal interest in any matter concerning the company must declare it immediately. The company secretary also monitors all information coming to the board and it's committees. Potential conflicts are flagged with the relevant Director, Committee Chairs and the Chair. As such the company considers that its current.

Board structure allows it to act at all times in the best interest of the company and all its stakeholders.

Risk Management Framework and Policy

The company Risk Management Framework is anchored on the framework developed by the water department. It is supported by the Board and Senior Management Team. The Board is responsible for monitoring and reviewing the company's risk management strategy, while the senior management team is responsible for ensuring that appropriate processes and controls are in place to manage risk

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effectively and efficiently. Management monitors the effectiveness of risks management system and controls, including financial and non-financial risks and compliance with these systems. Senior management team report to the board directly and through the Board committee on key matters of consideration.

Governance Audit

The Internal Audit function provides an independent and objective assurance on the adequacy and effectiveness of the company's system for risk management, internal controls and governance, along with recommendation to improve the efficiency and effectiveness of these systems and process. The audit Committee will oversee internal audit of financial and non-financial risk areas. The company will employ the following process for evaluating and continually improving the effectiveness of risks management and internal control process.

- The Audit Risk Management Committee recommends need for an internal Audit for having regard to the size and complexity of company operation.
- Senior management team will facilitate the periodic review of financial and non-financial system and processes and will report to the committee from time to time.
- The board will review the risk management and internal compliance procedures at each Board meeting and any risks matters for consideration raised by Senior Management Team.

Assurance by Management Team.

Prior to approval of the Company Annual Financial Statement, the board will obtain a declaration from the CEO and Finance Officer that, in their opinion, the financial records to the Company have been properly maintained and that the financial statements comply with appropriate accounting standards. This declaration will confirm that the aforementioned statements give a true and fair view of the financial position and performance of the Company and that observation has been formed on the basis of a sound system of risk management and internal control processes.

Stakeholder engagement

The company, recognizes that effective communication with Partners, Donors, Suppliers and the county government assists the creation and maintenance of informed and strategic decision making and enhances corporate governance by encouraging a culture of transparency in relation to it's corporate activities. The company will keep all stakeholders fully informed of all material matters affecting the company through service delivery presentation and a range of other forums

Diversity

The work force of the company comprises individuals with diverse skills, background, perspectives and experience and this diversity is valued and respected. The company's Human Resource Manual has meritocracy as a guiding principle and seeks to align the company's management system with It's commitment to continue to develop a culture that values and achieves diversity in its work force and on the board. The board and management consider that building a diverse and inclusive work force

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will provide the best insight into the needs of our customers, suppliers and Donors, Partners and all stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Particular, focus on achieving a balance of men and women in Senior Executive positions across the company and having a range of water sector experience. The Company's workforce is relatively small. The company will schedule review of all its employees to examine issues concerning remuneration. and benefits, roles, training needs among other pertinent issues.

Terms of reference of committees and meetings

There are three Board Committee to assist the Board in exercising its responsibilities and to provide it with recommendation and advice.

1. Finance, HR and Administration Committee
2. Technical and Environmental Committee
3. Audit and Risk Management Committee.

Schedule of board meetings attendance;

SN	Name of Director	Ordinary Full Board	Special Full Board	Committees	Total
1	Silverse Lisamula Anami	3	6	0	9
3	Francis Orata Omoto	3	6	8	17
4	Patrick Ligami	3	6	8	17
5	Herman Lusuli	2	3	2	7
6	Albert Tungani Shikule	3	6	6	15
7	Fredrick Toloyi	2	5	4	11
8	Lucie Chogo	3	5	5	13
9	Mariam Were	1	3	0	4
10	Titus Mumia	2	2	6	10
11	Fredrick Atwa	1	0	5	6
12	Vivianne Mmbaka	1	3	0	4
13	Joseph Aswani	1	2	4	7

Kakamega County Rural Water and Sanitation Company Ltd
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9. Management Discussion and Analysis

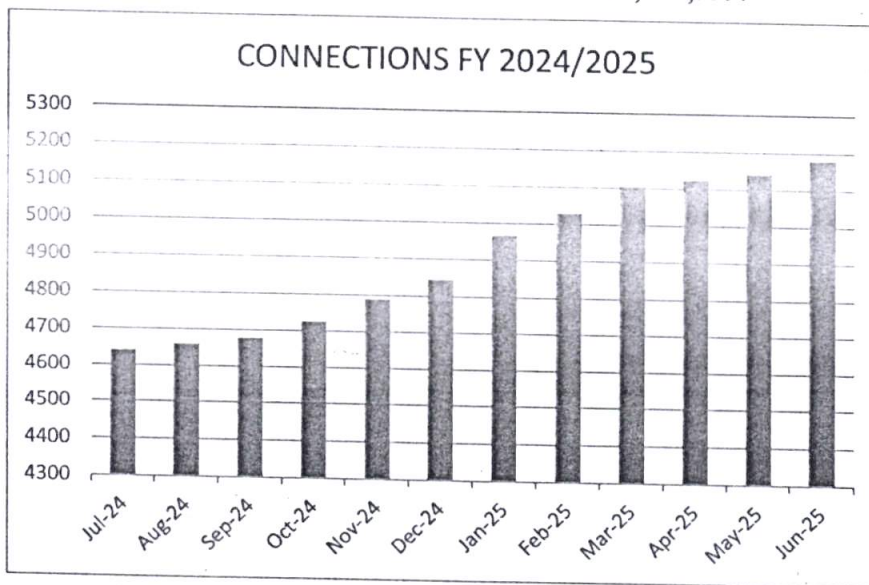
Revenue Collection

The collection for the year was Ksh.13,864,870 translating to an efficiency of 84%, this is inclusive of collection of outstanding debts from previous periods. This is a notable improvement from last years 67%

Management has robustly undertaken Rapid Results Initiatives on revenue collection to ensure availability of sufficient funds for smooth running of operations and also enhance credit controls and collection measures, Revenue Collection Targets have also been set for all employees, as an inclusive effort to improve on efficiency.

Operational and Financial Performance

The company has realized a growth of 35% in connectivity within the Financial year, this has been realized through acquisition of new schemes and improving connections in current schemes. The consumer growth has greatly contributed to revenue of Ksh 16,494,339.



As at the June 30,2025, the total number of connections was 5,180 across all the schemes, this constitutes both metered and unmetered customers. The company aims at attaining the allowable metering standard which requires 100% metering so as to monitor actual consumption of water and reduce commercial losses.

TOTAL CONNECTIONS	METERED	UNMETERED
5,180	2,992	2,188

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FY	INCOME	OPERATIONAL COSTS	NET PROFIT
2021/2022	24,990,552	28,094,697	-3,104,145
2022/2023	35,738,767	33,947,298	1,791,469
2023/2024	39,244,720	35,099,512	4,145,208
2024/2025	31,498,339	34,025,743	-2,527,404

Monitoring and Evaluation

Non- Revenue Water

The Non-Revenue Water level as at the end of the Financial year was at 34%. The company aims at establishing KPIs to monitor NRW levels.

The company’s strategy to reduce Non-Revenue Water includes evaluating physical losses (leaks and bursts) and administrative losses (billing errors, unregistered connections). Use data from water meters, billing systems, and distribution networks to understand patterns and pinpoint problem areas.

Replace old, corroded, or poorly maintained pipes and fittings that are prone to leaks and bursts. Implement pressure management systems to reduce the likelihood of pipe bursts and leaks due to high pressure.

Deploy smart meters that provide real-time data on water usage and help detect anomalies or unauthorized usage. Ensure accurate readings by regularly calibrating and maintaining meters. Improve administrative processes to minimize errors in billing and address issues like unbilled consumption and unregistered connections.

Conducting frequent inspections of distribution networks to identify and rectify unauthorized connections.

Information Communication Technology

A billing system was acquired so as to improve on efficiency in billing. This automated the billing distribution process where customers get bills via mobile SMS. The system was also integrated with

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the payment platforms to be able to automatically credit customers account upon payment and send back a confirmation message.

This has greatly complemented revenue collection initiatives. An automated system helps to reduce errors and other human related inefficiencies which are brought about through manual billing.

Strategic and Business Plans

The company successfully following a strategic plan for the period 2022-2026 and business plan which is giving a roadmap and guiding the company to achieve its short- and long-term goals.

10. Environmental And Sustainability Reporting

Kakamega County Rural Water and Sanitation Company (KACRUWASCO) is mandated to provide safe, reliable, and affordable water services to rural communities across Kakamega County. Our

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strategy on sustainability is anchored on the principle of ensuring long-term service provision while safeguarding the environment and strengthening institutional capacity. Sustainability, in our context, means the ability to consistently deliver water services to the citizens of Kakamega County for generations to come. Guided by this mandate, we continue to align our work with the Sustainable Development Goals (SDGs), particularly Goal 6 on Clean Water and Sanitation, while embedding resilience to climate change and efficiency in resource management at the core of our operations.

During the year, the Company recorded significant progress in strengthening its sustainability profile. Management successfully negotiated funding support for the current financial year to provide adequate resources for system expansion. This financial injection is critical to enabling KACRUWASCO to operate autonomously in the coming years. In addition, new viable schemes have been taken over and others earmarked for takeover ensuring both growth and long-term sustainability of our service coverage. These efforts will not only broaden access to clean water but also strengthen the Company's financial position.

We acknowledge that challenges such as rising electricity costs, vandalism, and aged infrastructure have impacted service delivery. However, mitigation measures including the adoption of renewable energy solutions, rehabilitation of aging infrastructure, and enhanced community engagement have been prioritized to safeguard operations. In line with international best practices, KACRUWASCO is embedding climate resilience, water conservation, and social inclusivity into its operational model.

KACRUWASCO remains committed to ethical governance and inclusive growth, guided by its Service Delivery Charter. We continue to uphold transparency in procurement and contracting processes, with deliberate efforts to allocate a fair share of contracts to local suppliers, youth, women, and persons with disabilities (PWDs). These practices not only enhance community ownership but also strengthen the Company's social license to operate. Looking ahead, we will build on this foundation to ensure reliable, sustainable, and equitable water service delivery to all rural households in Kakamega County.

Kakamega County Rural Water and Sanitation Company has an approved Human Resource Policy and Procedure Manual which provides an equal opportunity to everyone during recruitment and does not discriminate on the basis of gender, age, race, and ethnicity or entertain any form of discrimination. In terms of gender, the Company is yet to achieve the 2/3 rule but it's working towards achieving the

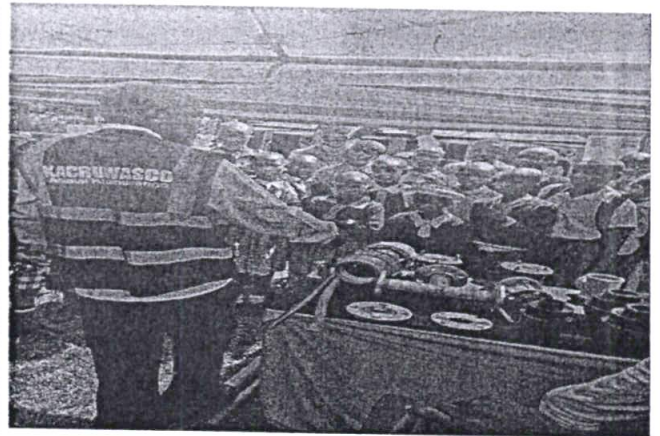
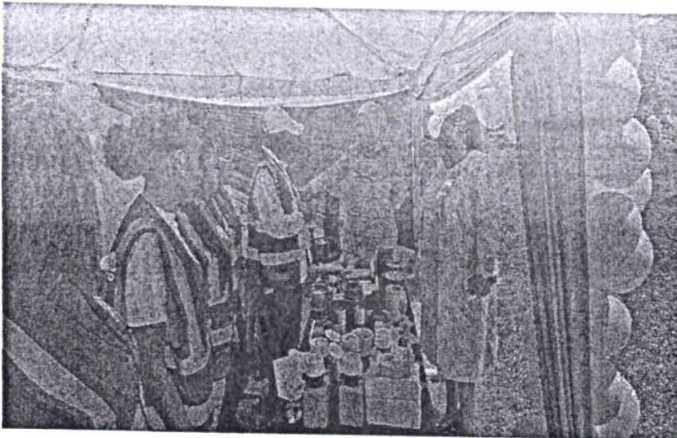
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same. In the financial year we were able to engage our staff on short term contracts and also recruit 1 staff in the finance department to help improve service delivery and efficiency of the company.

Community engagements

KACRUWASCO continued to strengthen its community engagement initiatives during the reporting year, with one of the highlights being our active participation in the Kakamega Agricultural Show. This platform enabled us to directly interact with a wide range of stakeholders including schools, local administration, and individual consumers, creating an impactful avenue for feedback and sensitization on our services. Beyond the show, the Company has invested in community development through charitable giving and corporate social investments, such as supporting local schools with water connections, contributing materials for community projects, and participating in tree planting exercises to promote environmental sustainability.

We have also engaged in public participation forums, including consultations on new scheme development, ensuring that community voices are reflected in our plans. These initiatives demonstrate our commitment to not only providing clean and affordable water, but also to uplifting the wellbeing of the rural communities we serve.



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11. Report Of the Directors

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

i) Principal activities

The principal activities of the Company are as follows

- Provision of water and sanitation / sewerage services within Kakamega rural.
- Operations and maintenance of water and sanitation facilities
- Planning, design and development of water and sewerage infrastructure
- Managing commercial operations (meter reading, billing, revenue collection, handling customer relations, efficient utilization of revenues)
- Extending water distribution and sewer network, or sanitation services to increase coverage
- Sourcing, treatment, storage, transmission and distribution of water
- Collection, treatment and safe disposal of wastewater to regulatory standards
- Conservation of water

ii) Results

The results of the company for the year ended June 30, 2025 are set out on page 1 to 3. Below is summary of the profit or loss made during the year.

Total Income	31,498,339
Total Expenses	34,893,315
Profit	(3,394,976)

iii) Dividends

The company has not declared dividends for the year ended 2024/2025.

iv) Directors

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

Kakamega County Rural Water and Sanitation Company Ltd
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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 .

By Order of the Board

Titus O. Mumia



Secretary to the Board
Date:

12. Statement Of Directors' Responsibilities

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

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

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

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Statement Of Directors' Responsibilities (Continued)

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

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going and nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The company financial statements were approved by the Board on 27th August, 2025 and signed on its behalf by:



Name Hon. Silverse Lisamula Anami
Chairperson of the Board



Name Titus Mumia
Managing Director

REPUBLIC OF KENYA



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

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

PREAMBLE

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

- A. Report on 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 Kakamega County Rural Water and Sanitation Company Limited set out on pages 1 to 57, 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 Kakamega County Rural Water and Sanitation Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Operating Revenue

The statement of profit or loss and other comprehensive income reflects Kshs.16,498,339 for operating revenue and as disclosed in Note 6 to the financial statements. However, the billing ledgers do not include meter numbers, previous reading, current reading and rates applied in billing. Further, it was observed that some customers do not have water meters and therefore are charged a monthly flat rate. These consumers were estimated to consume 20% of the Company's water.

In the circumstances, the accuracy and completeness of operating revenue of Kshs.16,498,339 could not be confirmed.

2. Inaccuracy of Staff Costs

The statement of profit or loss and other comprehensive income reflects staff costs amounting to Kshs.10,353,265, and as disclosed in Note 8 to the financial statements. However, the supporting payrolls and expenditure vouchers provided for audit indicate a total cost of Kshs.9,647,227, resulting in an unexplained and unreconciled variance of Kshs.706,037.

In the circumstances, the accuracy and completeness of staff costs amounting to Kshs.10,353,265 could not be confirmed.

3. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.5,597,831 and as disclosed in Note 14 to the financial statements. However, the assets include two (2) motor vehicles and twelve (12) motor cycles donated by County Government of Kakamega whose log books were not provided for audit review. Further, the disclosure Note reflects a Nil balance for land including land on which the Company and its twenty-eight (28) water schemes were located. In addition, the title deeds for the parcels of land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership status of property, plant and equipment balance of Kshs.5,597,831 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts final budget and actual on comparable basis amounts of Kshs.84,000,000 and Kshs.28,864,870 respectively, resulting to an under-funding of Kshs.55,135,130 or 66% of the budget. Similarly, the Company spent Kshs.28,579,564 against an expenditure budget of Kshs.61,200,000, resulting to an under-performance of Kshs.34,503,416 or 53% of the budget.

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

My opinion is not modified in respect of this matter

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the previous year audit, issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. The Management had indicated under the progress on follow up of Auditor's recommendations section of the financial statements that all the issues were awaiting Senate clearance. However, no reasons were given for not resolving the issues.

Other Information

The Management is responsible for the Other Information set out on page iv to xiii which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of The Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of The Board of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Use of Unrecommended Tariff Structure

The statement of profit or loss and other comprehensive income reflects operating revenue amounting to Kshs.16,498,339 in respect to water sales, and as disclosed in Note 6 to the financial statements. However, the Company was billing customers using a tariff that was meant for Busia Water and Sanitation Company Limited contrary to Regulation 45(1) of the Water Act, Regulations, 2016 which states that a licensed water service provider shall implement the tariff approved and gazetted by the Regulatory Board for the prescribed period.

In the circumstances, Management was in breach of law.

2. Excess Non-Revenue Water

During the year under review, the total volume of water produced for distribution was 333,536 cubic meters of water, out of which 221,157 cubic meters was billed for Kshs.16,498,339. The balance of 112,378 cubic meters or approximately 34% of the total production volume represents non-revenue water valued at approximately Kshs.5,558,781. The loss of 34% of water was above the 25% threshold allowed by the Water Service Regulatory Board (WASREB), and no explanation was provided for the failure to attain twenty-five percent (25%) threshold of non-revenue water. This was contrary to Schedule 'E' and the KPI's impact No.13 of WASREB benchmarks which provide for a Non-Revenue Water level of under 20% as 'good'; 20-25% as 'acceptable'; while above 25% is 'not acceptable'.

In the circumstances, Management was in breach of law.

3. Long Outstanding Receivables

The statement of financial position reflects trade receivables balance of Kshs.15,814,747 and as disclosed in Note 16 to the financial statements which relates to outstanding water bills. However, the Company holds water bills totaling to Kshs.12,765,324 which have been outstanding for more than 120 days as shown in the ageing analysis. This was a clear indication that the Company has not been recovering debts when due. This was contrary to Regulation 83(2)(f) of the Public Finance Management (County Governments) Regulations, 2015 which states that for purposes of this regulation sound cash management includes pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the county government are collected and banked promptly.

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

4. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.14,551,271 and as disclosed in Note 24 to the financial statements. Review of the ageing analysis revealed that debts amounting to Kshs.395,400 were for a period of more than twelve (12) months, and no reason was given for failure to pay debts when due. This was contrary to Regulation 150(1) of the Public Procurement and Assets Disposal Regulations, 2020 which states that subject to availability of funds and certification of goods, works or services payments are made within 60 days from date of receipt of invoice. The accumulation of pending bills exposes the company to potential legal suits and avoidable costs in terms of interest and penalties.

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

5. Failure to Comply with Law on Reservation of Thirty Percent of Procurements to Youth, Women and Persons with Disabilities

Review of the procurement plan for the year ended 30 June, 2025 revealed that the Company did not reserve a minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups in accordance with Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 which states that all procurement and asset disposal planning shall reserve a minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

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

6. Vulnerability of Digital Signatures

Review of the annual report and financial statements of the Company revealed that the report and financial statements were not personally signed by the chairman, Managing Director and head of finance, instead digital signatures were printed on the statements. The Board and Management should personally pen their signatures to indicate personal involvement and reduce incidences of use of digital signature on decisions that they are not privy to. This was contrary Data Protection Act, 2019 which

indicates that certain documents including financial statements, wills and title-deeds amongst others require traditional signatures depending on jurisdictions.

In the circumstances, Management was in breach of law.

7. Appointment of the Managing Director

The Board of Directors appointed a substantive Managing Director through a letter dated 7 May, 2024, to serve for a period of 3 years with effect from May, 2024, and afterwards suspended with effect from 7 February, 2025. On 19 February, 2025, an employee of the county executive of Kakamega was seconded to acting Managing Director with effect from 24 February, 2025 for a period of six months. The acting period was further extended for another six (6) months with effect from 1 September, 2025 vide letter dated 22 August, 2025. However, the reasons for the suspension of former Managing Director, the disciplinary process undertaken, and the outcome of the process were not provided for audit review. Further, the Managing Director was suspended without payment of house allowance and half salary. This was contrary to Paragraph 8 (3) of Kakamega County Rural Water and Sanitation Company Human Resource Policies and Procedures Manual which states that a public officer who is suspended shall receive a half basic salary and full house allowance but other benefits shall be withheld by the authorized officer.

In the circumstances, the regularity of the suspension of former Managing Director process could not be confirmed.

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. Lack of Scheme of Service

During the year under review, it was observed that the Company did not have an approved schemes of service detailing the job grading structure, job descriptions and appointment specifications across the cadres of staff in the establishment.

In the circumstances, the effectiveness of human resources management could not be confirmed.

2. Failure to Provide Board Charter and Board Work Plan

During the year under review, the Board did not have a charter and operated without an annual work plan. This was contrary to the Governance parameter number.1.9 of Mwongozo Code of Governance, 2015 which directs the Board to have in place an annual work plan which should at a minimum focus on a review of management implementation of strategies, policies and plans and budgeting and financial management and the Governance parameter number1.11 which directs the Board to have in place a Board Charter defining the role and responsibilities of the Board members.

In the circumstances, the effectiveness of the Company's overall governance could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages x to xi is inconsistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 27 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of the Management and Board of Directors

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

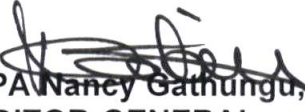
Auditor-General's Responsibilities for the Audit

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

10 December, 2025

Appendix I: Unresolved Prior Year Matters

Reference No. of the Auditor-General's Report	Title of Audit Issue
	Report on the Financial Statements
1	Unsupported Revaluation Reserve and Prior Year Adjustments
2	Unconfirmed Property, Plant and Equipment Balance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Non-Revenue Water Management
1.1	Excess Non-Revenue Water
3	Failure to Maintain an Updated Fixed Assets Register
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Lack of Risk Management Policy and Framework
2	Lack of Scheme of Service

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

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

	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	16,498,339	18,744,720
Grants Income	7	15,000,000	20,500,000
Total Revenue		31,498,339	39,244,720
Expenses			
Staff Costs	8	10,353,265	7,232,864
General and Operations expenses	9	15,951,081	16,615,663
Board Expenses	10	2,908,306	4,561,982
Maintenance Expenses	11	3,114,221	5,069,390
Depreciation and Amortization expenses	12	2,566,442	2,070,010
Total Expenses		34,893,315	35,549,909
Profit/(Loss) Before Taxation		(3,394,976)	3,694,811
Income Tax Expense/(Credit)	13		0
Profit/(Loss) After Taxation		(3,394,976)	3,694,811
Earnings Per Share – Basic and Diluted		0	0
Dividend per share		0	0
Other Comprehensive Income			
Profit/ (Loss) After Taxation		(3,394,976)	3,694,811
Surplus or deficit on revaluation of PPE		0	0
Remeasurement of net defined benefit liability		0	0
Total Comprehensive Income for The Year		(3,394,976)	3,694,811

Kakamega County Rural Water and Sanitation Company Ltd
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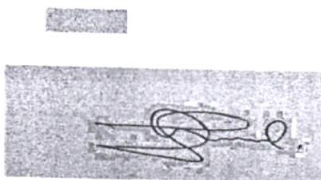
15. Statement Of Financial Position As at 30 June 2025

	Note	FY 2024-2025	FY 2023-2024
		KShs	KShs
Assets			
Non-current assets			
Property, plant and equipment	14	5,597,831	5,382,435
Intangible assets	15	795,117	1,160,223
Total non-current assets		6,392,948	6,542,659
Current assets			
Inventories		0	0
Trade and receivable	16	15,814,747	13,181,279
Bank and cash balances	17	943,643	40,062
Total non-current assets		16,758,390	13,221,341
Total Assets		23,151,338	19,764,000
Equity and liabilities			
Capital and Reserves			
Revaluation reserve	19	4,597,346	4,597,346
Accumulated Fund	20	633,142	633,142
Retained earnings	21	2,091,305	5,486,281
Capital and Reserves		7,321,793	10,716,769
Non-current liabilities			
Borrowings	39	0	0
Total non-current liabilities		0	0
Current liabilities			
Trade and other payables	23	14,551,271	8,387,230
Refundable deposits and Prepayments	24	1,278,274	660,000

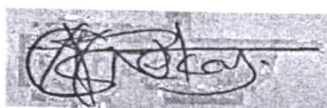
**Kakamega County Rural Water and Sanitation Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2025**

Taxation		0	
Total current Liabilities		15,829,545	9,047,230
Total Equity and Liabilities		23,151,338	19,764,000

The financial statements were approved by the Board on 27th August, 2025 and signed on its behalf by:



Titus O. Mumia
Managing Director



Stacy Nekoy
Head of Finance
ICPAK M/No: 29469



Hon. Silverse Lisamula Anami
Chairman of the Board

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

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

Note	Ordinary share capital	accumulated fund	Revaluation reserve	Retained earnings	Provision for contingencies	Provision for dividends	Capital/Development Fund	Total
As at July 1, 2023	0	633,142	4,597,346	0	-1,312,675	0	0	3,917,813
New capital issued	0	0						0
Revaluation gain	0	0	0	0	0	0	0	0
accumulated fund	0	0	0		0	0	0	0
Transfer of excess depreciation on revaluation	0	0	0	0	0	0	0	0
Deferred tax on excess depreciation	0	0	0	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0	0	0	0
Profit for the year	0	0	0	0	3,694,811	0	0	3,694,811
Prior Year Adjustment	0	0	0	0	3,104,145	0	0	3,104,145
Capital/Development grants received during the year	0	0	0	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0	0	0	0
Dividends paid – prior year	0	0	0	0	0	0	0	0
Interim dividends paid – current year	0	0	0	0	0	0	0	0

Kakamega County Rural Water and Sanitation Company Ltd
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Proposed final dividends	0	0	0	0	0	0	0	0
As at June 30, 2024	0	633,142	4,597,346	0	5,486,281	0	0	10,716,769
As at July 1, 2024	0	633,142	4,597,346	0	5,486,281	0	0	10,716,769
Issue of new share capital	0	0	0	0	0	0	0	0
Revaluation gain	0	0	0	0	0	0	0	0
Transfer of excess depreciation on revaluation	0	0	0	0	0	0	0	0
Deferred tax on excess depreciation	0	0	0	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0	0	0	0
Profit for the period	0	0	0	0	(3,394,976)	0	0	(3,394,976)
Capital/Development grants received during the year	0	0	0	0	0	0	0	0
Transfer of depreciation/amortisati on from capital fund to retained earnings	0	0	0	0	0	0	0	0
Dividends paid – prior year	0	0	0	0	0	0	0	0
Interim dividends paid – current year	0	0	0	0	0	0	0	0
Proposed final dividends	0	0	0	0	0	0	0	0
At June 30, 2025	0	633,142	4,597,346	0	2,091,305	0	0	7,321,793

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

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

	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	6b	13,864,870	10,179,908
Grants Income	7	15,000,000	20,500,000
Deposits	25	618,275	2,245,073
Total Receipts		29,483,145	32,924,981
Payments			
Staff Costs	8b	9,647,227	7,289,922
General And Operation Expenses	9b	12,656,493	12,464,336
Board Expenses	10b	2,625,006	4,166,582
Maintenance Expenses	11b	1,767,858	3,861,103
Finance Costs		-	0
Refund Of Customer Deposits		-	0
Total Payments		26,696,584	27,781,943
Net Cash From/ (Used In) Operating Activities		2,786,581	5,143,038
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(1,882,980)	-7,596,190
Proceeds From Disposal Of PPE		0	0
Purchase Of Intangible Assets		0	-770,984
Net Cash From/ (Used In) Investing Activities		(1,882,980)	-8,367,174
Cash Flows from Financing Activities			

Kakamega County Rural Water and Sanitation Company Ltd
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Proceeds From Issues of New Share Capital		0	0
Proceeds From Borrowings			352,500
Net Cash From/(Used In) Financing Activities		0	352,500
Increase/(Decrease) In Cash and Cash Equivalents		903,581	-2,871,635
Cash And Cash Equivalents At Beginning of Year	17	40,062	2,911,697
Effects Of Foreign Exchanges Rate Fluctuations		0	0
Cash And Cash Equivalents At End of the Year	17	943,643	40,062

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

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

Description	Original Budget	Revised Budget	Final Budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	(a-d)/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*	0	0	0	0	0	
Receipts						
Operating Revenue	24,000,000.00	-	24,000,000.00	13,864,870.00	10,135,130.00	58%
Grants	50,000,000.00	-	50,000,000.00	15,000,000.00	35,000,000.00	30%
Finance Income		-			-	
Other development partners	10,000,000.00	-	10,000,000.00	-	10,000,000.00	0%
Total Receipts	84,000,000.00	-	84,000,000.00	28,864,870.00	55,135,130.00	34%
Payments						
Staff Costs	20,670,332.00		20,670,332.00	9,647,227.34	11,023,104.66	47%
Board Expenses	3,726,400.00		3,726,400.00	2,625,006.00	1,101,394.00	70%
General and operations Expenses	23,603,268.00		23,603,268.00	12,656,492.69	10,946,775.31	54%
Maintenance	13,200,000.00		13,200,000.00	1,767,858.00	11,432,142.00	13%
Total Recurrent Expenditure	61,200,000.00	-	61,200,000.00	26,696,584.03	34,503,415.97	44%

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Total Payments	84,000,000.00	-	61,200,000.00	28,579,564.03	34,503,415.97	47%
Capital Expenditure Payments	22,800,000.00			1,882,980.00		
Surplus						

Notes

The underutilization of 47% was attributed to the company's inability to generate adequate Own Source Revenue, this is due to failure by the County treasury to transfer all the funds allocated to the company.

19. Notes To the Financial Statements

1. General Information

Kakamega County Rural Water and Sanitation Company Ltd is established by and derives its authority and accountability from Company Act (486). The Company is wholly owned by the Kakamega County Government and is domiciled in Kenya. The Company's principal activity is provision of water and sanitation services within the rural areas in Kakamega County.

2. Statement of Compliance and Basis of Preparation

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

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

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

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

Notes to the financial statements (continued)

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

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

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

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

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

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

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

iii. *Early adoption of standards*

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

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Buildings and civil works	50	2%
Infrastructure works	10	10%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings	8	12.5%

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

e) Intangible assets

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

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

Summary of Accounting Policies

h) Right of Use Asset

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

i) Biological Assets

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

j) Fixed interest investments (bonds)

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

k) Quoted investments

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

Summary of Accounting Policies

l) Unquoted investments

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

m) Inventories

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

n) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page 0 of this report.

o) Taxation

i) Current income tax

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

p) Deferred tax

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

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

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

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

q) Borrowing costs

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

r) Cash and cash equivalents

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

Restricted cash

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

s) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

t) Trade and other payables

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

u) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 200. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF).

v) Provision for staff leave pay

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

w) Exchange rate differences

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

x) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded a reduction in appropriations on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual

basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 18 of these financial statements.

y) Service concession arrangements

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

z) Comparative figures

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

aa) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 0.

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.

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Notes to the financial statements (continues)

6. Operating Revenue

	FY 2024-2025	FY 2023-2024
	KShs	KShs
Water sales	16,498,339	18,744,720
Sewerage Services	0	0
Billing for other services*	0	0
Total	16,498,339	18,744,720

6b

Operating revenue cash flow reconciliation	
Total Water sales	16,498,339
Credit sales	(2,633,469)
Cash sales(cashflow figure)	13,864,870

7. Grants Income

Operational grants from Government entities	15,000,000	20,500,000
Total	15,000,000	20,500,000

Name of the Entity sending the grant	Amount recognized in the statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund KShs	Grant income during the period KShs	FY 2023/2024 KShs
CGK Ministry of Water	15,000,000.00	0	0	15,000,000	20,500,000.00
Total	15,000,000.00	0	0	15,000,000	20,500,000.00

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8. Staff Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Gross Salary and Allowances	10,353,265	7,232,864
Total	10,353,265	7,232,864
The average number of employees during the year		50

8b

Staff Cost cash flow reconciliation	
Gross salary and allowances(SOCI figure)	10,353,265
Outstanding June Payroll	(723,000)
Reversal	16,962
Cash Flow Statement figure	9,647,227

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9. General and Operations Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chemicals	2,662,856	850,000
Electricity	2,630,194	2,679,268
Fuel, oil, lubricants, and gases	1,050,740	1,239,950
Bulk water Costs	1,465,575	2,030,015
Office supplies	154,350	85,950
Telecommunication	323,536	247,350
Printing and Stationary	600,829	654,150
Insurance	515,012	395,010
Domestic Traveling and subsistence	2,345,193	3,043,650
Staff training and development	154,960	182,200
Bank Charges	119,982	130,973
Security services	2,808,000	3,777,531
Internal Audit	322,400	126,660
Consultancy fees	0	68,000
Licensing and levies	0	408,296
Sports and recreation, Entertainment	0	55,000
Stakeholders' expenses	60,000	20,800
Donations/CSR	50,000	50,100
Hospitality expenses	292,238	358,310
Subscription to professional bodies	16200	15,700

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Advertising and branding	379016	0
Total	15,951,081	16,363,913

9b

GOE expenses cash flow reconciliation	
Total GOE Expenses (SOCI figure)	15,951,081
Outstanding GOE payments FY 2024/2025	(9,723,476)
Outstanding GOE payments FY 2023/2024	6,428,888
Cash Flow Statement figure	12,656,493

10. Board Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman Honoraria	536,306	491,733
Sitting allowances	1,788,800	2,099,000
Induction and Training	0	130,000
Travel and accommodation	583,200	1,841,249
Total Board Expenses	2,908,306	4,296,582

10b

BOD expenses cash flow reconciliation	
Total Board Expenses (SOCI figure)	2,908,306
Outstanding Board payments FY 2024/2025	(678,700)
Outstanding Board payments FY 2023/2024	395,400
Cash Flow Statement figure	2,625,006

11. Maintenance Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Plant and Equipment	2,471,121	4,630,699
Motor vehicles	643,100	438,691
Total Maintenance Expenses	3,114,221	5,079,082

11b

Maintenance expenses cash flow reconciliation	
Total Maintenance Expenses (SOCI figure)	3,114,221
Outstanding Maintenance payments FY 2024/2025	(1,346,363)
Cash Flow Statement figure	1,767,858

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12. Depreciation and Amortization Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant, and equipment	2,201,336	1,704,907
Intangible assets	365,106	365,106
Total Depreciation and Amortization	2,566,442	2,070,013

13. Income Tax Expense/(Credit)

Current taxation

	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	0	0
Current tax: prior year under/(over) provision	0	0
Current year deferred tax charge	0	0
Prior year under-provision for deferred tax	0	0
Total	0	0

14. Property, Plant and Equipment

Description	Buildings & civil works	Water & Sewer Infrastructure	Plant and machine	Motor vehicles, motorbikes, motorcycles	Computers & related equipment	Office equipment, furniture & fittings	Total
Depreciation rate		10%	12.5%	25%	33%	12.5%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	0	0	0	4,800,000	257,093	238,237	5,295,306
Additions	0	2,796,190	0	0	330,010	0	3,126,200
Disposals	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0
As at 30th June 2024	0	2,796,190	0	4,800,000	587,103	238,237	8,421,530
Additions	0		684,400	0	934,332	798,000	2,416,732
Disposals	0	0	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0
As at 30th June 2025	0	2,796,190	684,400	4,800,000	1,521,435	1,036,237	10,838,262
Depreciation And Impairment							
At 1 July 2023	0	0	0	1,200,000	100,719	33,472	1,334,191
Depreciation	0	279,619	0	1,200,000	195,505	29,783	1,704,907
Impairment	0	0	0	0	0	0	0
Transfers/ Adjustments	0	0	0	0	0	0	0
As at 30th June 2024	0	279,619	0	2,400,000	296,224	63,254	3,039,098
Depreciation	-	279,619	85,550	1,200,000	506,638	129,530	2,201,336
Disposals	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0	0	0

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As at 30th June 2025	0	559,238	85,550	3,600,000	802,862	192,784	5,240,433
Net book Value As at 30th June 2024	0	2,516,571	0	2,400,000	290,879	174,983	5,382,433
Net book Value As at 30th June 2025	0	2,236,952	598,850	1,200,000	718,573	843,453	5,597,829

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14 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	KShs	KShs	KShs
Plant and machinery	684,400	85,550	598,850
Motor vehicles, including motorcycles	4,800,000	3,600,000	1,200,000
Computers and related equipment	1,521,435	802,862	718,573
Office equipment, furniture, and fittings	1,036,237	192,784	843,453
Water & Sewer infrastructure	2,796,190	559,238	2,236,952
	10,838,262	5,240,433	5,597,829

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15. Intangible Assets

	<i>FY 2024-2025</i>	<i>FY 2023-2024</i>
	Kshs	Kshs
Cost		
At July 1	1,160,223	1,500,994
Additions	0	324,534
Disposals	(0)	(0)
At June 30	1,160,223	1,825,528
Amortization		
At July 1	665,304	300,199
Charge for the year	365,105	365,105
Disposals	(0)	(0)
Impairment loss	(0)	(0)
At June 30	1,030,409	665,304
Net book value	795,117	1,160,223
At June 30	795,117	1,160,223

16. Trade and Other Receivables

Trade receivables (note (16a))	15,814,747	13,181,278
Deposits and prepayments	0	0
VAT (Value Added Tax) recoverable	0	0
Staff receivables (note 16(c))	0	0
Other receivables	0	0
Gross trade and other receivables	15,814,747	13,181,278
Provision for bad and doubtful receivable	(0)	(0)
Net trade and other receivables	15,814,747	13,181,278
Analysed as:		
Short- Term Trade and Other Receivables	3,049,423	0
Long- Term Trade and Other Receivables	12,765,324	0

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16. (a) Trade Receivables

	F.Y. 2024-2025	F.Y. 2023-2024
	KShs	KShs
Gross trade receivables	15,814,747	13,181,278
Provision for doubtful receivables	(0)	(0)
Net trade receivables	15,814,747	13,181,278
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	247,843	112,280
Between 30 and 60 days	575,432	1,050,768
Between 61 and 90 days	965,470	1,253,765
Between 91 and 120 days	1,260,678	759,234
Over 120 days	12,765,324	10,005,231
Total	15,814,747	13,181,278

17. Bank and Cash Balances

	F.Y. 2024-2025	F.Y. 2023-2024
Cash at bank	943,643	40,062
Cash in hand	0	0
Mobile money account	0	0
	943,643	40,062

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Detailed analysis of the cash and cash equivalents

		TY 2024-2025	TY 2023-2024
		KShs	KShs
a) Current account			
KCB- Expenditure Account	1251924549	-90,810	0
KCB- Revenue Account	1251924468	967,005	0
KCB- Deposit Account	1251924336	67,449	
Sub- total		0	0
b) On – call deposits			
Commercial banks		0	0
Others		0	0
Sub- total		0	0
c) Fixed deposits account			
Other Commercial banks		0	0
Others		0	0
Sub- total		0	0
Sub- total		0	0
d) Others(specify)		0	0
Cash in transit		0	0
Cash in hand		0	0
Mobile money account		0	0
Sub- total		0	0
Grand total		943,643	0

18. Ordinary Share Capital

		KShs	KShs
Authorized:			
100 ordinary shares of Kshs.1,000 par value each		0	0

19. Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

20. Fair Value Adjustment Reserve

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

21. Retained Earnings

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

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22. Deferred Tax Liability

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

	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	(0)	(0)
Provisions for liabilities and charges	(0)	(0)
Net deferred tax liability	0	0

The movement on the deferred tax account is as follows:

	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Balance at beginning of the year	0	0
Credit to revaluation reserve	(0)	(0)
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0

23. Retirement Benefit Obligations

Notes to the financial statements (continued)

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

24. Trade and Other Payables

	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Trade payables	14,550,471	13,544,971
Accrued expenses	0	0
Employee payables	0	0
Other payables	0	0
Total	14,550,471	13,544,971

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Aging Analysis for Trade and other Payables

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Under one year	14,155,071	97.2%	13,544,971	100%
1-2 years	395,400	2.8%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	14,550,471		13,544,971	

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25. Refundable Deposits and Prepayments

	FY 2024-2025	FY 2023-2024
Customer deposits opening balance	660,000	352,500
Customer deposits received during the period	618,275	307,500
Total	1,278,275	660,000

Aging Analysis for Refundable Deposits and Prepayments

	US\$	% of the total	US\$	% of the total
Under one year	618,275	48%	307,500	47%
1-2 years	660,000	52%	352,500	53%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	1,278,275		660,000	

26. Deferred Income

Description		
National/County government	0	0
International funders	0	0
Public contributions and donations	0	0
Total deferred income	0	0

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Notes to the financial statements (continued)

27. Taxation

	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
At beginning of the year	0	0
Income tax charge for the year	0	0
Under/(over) provision in prior year/s	0	0
Income tax paid during the year	(0)	(0)
At end of the year	0	0

28. Notes to The Statement of Cash Flows

	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	0	0
Depreciation	0	0
Amortization	0	0
(Gain)/loss on disposal of property, plant and equipment	0	0
Operating profit/(loss) before working capital changes	0	0
Working capital changes:		
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables	0	0
Increase/(decrease) in trade and other payables	0	0
Increase/(decrease) in retirement benefit obligations	0	0
Increase/(decrease) in provision for staff leave pay	0	0
Cash generated from/ (used in) operation	0	0
(b) Analysis of changes in loans		
Balance at beginning of the year	0	0
Receipts during the year	0	0
Repayments during the year	(0)	(0)
Repayments of previous year's accrued interest	(0)	(0)
Foreign exchange (gains)/losses	0	(0)
Accrued interest	0	0
Balance at end of the year	0	0

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	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
(c) Analysis of cash and cash equivalents		
Short term deposits	0	0
Cash at bank	0	0
Cash in hand	(0)	(0)
Balance at end of the year	0	0
(d) Analysis of interest paid		
Interest on loans	0	0
Interest on bank overdraft	0	0
Interest on lease liabilities	0	0
Interest on loans capitalised	0	0
Balance at beginning of the year	0	0
Balance at end of the year (note 35(b))	(0)	(0)
Interest paid	0	0
(e) Analysis of dividend paid		
Balance at beginning of the year	0	0
200 dividends paid	0	0
200 dividends paid	0	0
200 interim dividends paid	0	0
Balance at end of the year	(0)	(0)
Dividend paid	0	0

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Notes to the financial statements (continued)

Other Disclosures

29. Related Party Disclosures

County Government of Kakamega

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

Other related parties include:

- The County Department in charge of Water
- County Government of Kakamega
- Lake Victoria North Water works Development Agency
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors

Transactions with related parties

a) Sales to related parties		
Rent Income from govt. agencies	0	0
Water sales to Govt. agencies	0	0
Interest income from Govt Commercial Banks	0	0
Interest income from T-bills and Bonds	0	0
Others (Specify)	0	0
Total	0	0
b) Purchases from related parties		
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Bank charges paid to Govt Commercial banks	0	0

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	FY 2024- 2025 Kshs	FY 2023- 2024 Kshs
Interest expense to investments by other govt. entities	0	0
Others (specify)	0	0
Total	0	0
b) Grants from the Government		
Grants from National Govt Agencies	0	0
Grants from County Government	15,000,000	20,500,000
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 0 employees	0	0
Payments for goods and services for 0	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	2,908,306	4,561,982
Compensation to key management	2,619,000	0
Total	20,527,306	24,561,982

30. Capital Commitments

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

Amounts authorised and contracted for	0	0
Amounts authorized but not contracted for	0	0
Less: Amounts included in Work in progress	(0)	(0)
	0	0

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31. Contingent Assets and Liabilities

Contingent Assets

	FY 2024-2025	FY 2023-2024
	KShs	KShs
Contingent assets		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Receivables from other government entities	0	0
Others (Specify)	0	0
Total	0	0

Contingent Liabilities

	FY 2024-2025	FY 2023-2024
	KShs	KShs
Contingent liabilities		
Court case 0 against the entity	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs (Public Private Partnership)	0	0
Others (Specify)	0	0
Total	0	0

32. Financial Risk Management

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

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Notes to the financial statements (continued)

(i) Credit risk

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

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

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

At 30 June 200				
Trade Receivables	0	0	0	0
Other Receivables				
Investments	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 200 (previous Year)				
Receivables	0	0	0	0
Other Receivables	0	0	0	0
Investments	0	0	0	0
	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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Credit Risk (Continued)

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

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.

	Contractual maturities of financial liabilities			
	Less than 12 months	12 months	12 months to 5 years	More than 5 years
	KShs	KShs	KShs	KShs
At 30 June current year				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June previous year				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

(iii) Market risk (Tailor as appropriate)

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

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

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

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

a) Foreign currency risk

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

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June Current Year			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

	Kenya Shilling KShs	Other currencies KShs	Total KShs
At 30 June Previous year			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

b) Foreign currency sensitivity analysis

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

	Kenya Shilling KShs	Other currencies KShs	Total KShs
200 Current FY			
Euro	10%	0	0
USD	10%	0	0
200 Previous FY			
Euro	10%	0	0
USD	10%	0	0

c) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (200: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (200 – KShs 0)

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

- i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.**
This level includes listed equity securities and debt instruments on exchanges.

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

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 June 2025 Current FY				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0
At 30 June 2024 Previous FY				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0

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

Financial instruments not measured at fair value

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

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Notes to the financial statements (continued)

iv) Capital Risk Management

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

	2024-2025	2023-2024
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/ (excess cash and cash equivalents)	0	0
Gearing	0%	0%

33. Incorporation

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

34. Events After the Reporting Period

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

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20. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
1	<p>Unsupported revaluation reserve and prior year adjustments</p> <p>The statement of financial position reflects retained earnings balance of Kshs.5, 486,281, and as disclosed in the statement of changes in equity which indicates an increase in retained earnings by prior year adjustments amounting to Kshs.3, 104,145. However, the composition and supporting documents for the adjustments were not provided for audit.</p> <p>In the circumstances, the accuracy and completeness of retained earnings balance of Kshs. 5,486,281 could not be confirmed.</p>	<p>The figure of Kshs. 3,104,145 was as a result of the difference of Kshs.1, 791,470 and (1,312,675) as reflected in the statement of financial position and statement of changes in Equity respectively in FY 2022/2023, at the time of preparation of financial statements management picked 1,791,470 as net retained earnings to the statement of financial position instead of picking Kshs.(1,312,675) thus causing the variance of Kshs.3,104,145.This error was adjusted in the financial year 2023/2024 in the statement of Net changes in equity as prior year adjustment in restating the retained earnings.</p> <p>Management has taken note of such errors and commits to subject the financial statements for quality review by the County financial reporting unit before submission.</p>	Awaiting senate clearance	30/12/2025
2	<p>Unconfirmed Property, Plant and Equipment Balance</p>	<p>Explanation on why management did not provide logbooks for two (2) motor vehicles and twelve(12) motor cycles donated by County Government.</p>	Awaiting senate clearance	30/12/2025

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial position reflects property, plant and equipment balance of Kshs.5, 382,435 and as disclosed in Note 20 to the financial statements.</p> <p>However, the assets includes two (2) motor vehicles and twelve(12) motor cycles donated by County Government of Kakamega whose logbooks were not provided for audit. Further, the disclosure reflects a Nil balance for land including land on which the company and its twenty-eight (28) water schemes are located. In addition, the title deeds for the parcel of land were not provided for audit.</p> <p>In the circumstances, the accuracy, completeness of property, plant and equipment balance of Kshs.5, 382,435 could not be confirmed.</p>	<p>The company has two motor vehicles. KDM 940E was acquired in FY 2023/2024. Management is in the process of acquiring a logbook from the National Transport and Safety Authority, the logbook will be ready within a period of 30 days from 30th June 2025.</p> <p>The second motor vehicle KBG 917C was donated from Lake Victoria North water works development agency, the logbook was not handed over then. Currently the logbook has been availed and management has initiated the process of change of ownership.</p> <p>The 12 Motorcycles were donated by the Department of water, Environment, Natural Resources and climate change although the Department is yet to hand over logbooks to the company.</p> <p>Management has written to the Chief Officer Department of water, environment, natural resources and climate change requesting handover of ownership documents.</p> <p>Explanation on why management disclosed a Nil balance for land including land on which the company and its twenty-eight (28) water schemes are located.</p> <p>Management disclosed a nil balance for land in the statement of financial position because the ownership is still in the name of the County Executive. The schemes are developed by the Ministry and handed over to the company for operations. Management has provided a list of the 28 Schemes and the status of the ownership of the land title deeds.</p>		

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Explanation on non-provision of the title deeds for the parcel of land.</p> <p>The land that is used by Kakamega County Rural Water and Sanitation Company spread across all sub-Counties was acquired by the County Executive and the ownership documents are still in the address of the Kakamega County Government. The land was allocated to KACRUWASCO to facilitate the operationalization of the Water Schemes developed by the County Government</p> <p>Management has requested the title deeds from the Department of water, Environment, Natural Resources and climate change.</p>		
1.1	<p>Excess Non-Revenue Water</p> <p>Review of the water records revealed that during the year under review, the Company produced 419,858 cubic meters of water, out of which 277,012 cubic meters of water priced at Kshs.18,744,720 was billed to customers, resulting to 142,846 cubic meters of water valued at Kshs.9,666,001 or 34% of total volume of water produced representing non-revenue water. The loss of 34% of water was above the 25% threshold allowed by the Water Service Regulatory Board (WASREB). However, no explanation was provided for the excess non-revenue</p>	<p>Explanation on the excess non-revenue water beyond the 25 percent allowable limit.</p> <p>In our rural operational context, high NRW is attributed to aged infrastructure, limited metering coverage, water theft, manual billing and inadequate resources for NRW control. The company is addressing these challenges progressively by enhancing metering, improving leak detection and repair, engaging communities to report illegal usage, and upgrading systems. Due to financial constraints the implementation phased based on available resources and support from development partners and County Government.</p> <p>Management has taken the following measures to reduce Non-Revenue Water losses which include but not limited to,</p> <ol style="list-style-type: none"> 1. Training/capacity building of staff. 2. Re-engineered water conveyance piping materials and stocking of Operation and 	Awaiting senate clearance	30/12/2025

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved/ Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>water beyond the 25 percent allowable limit.</p> <p>In the circumstances, the Company may not achieve its objective of providing sufficient water to the residents of the County and realize an increase in production losses.</p>	<p>Maintenance consumables.</p> <p>3. Intensified water supply inspection to root out illegal connections.</p> <p>4. Increasing metering for Production points (master meters) and Consumer points</p> <p>The Non-Revenue Water loss for the current year has reduced to 32% following the above interventions by management.</p>		
2	<p>Unremitted Tax from Board Allowances and Honoraria</p> <p>The statement of profit or loss and other comprehensive income reflects Board expenses amount of Kshs.4, 561,982 as disclosed in Note 13 to the financial statements which Included Pay-As-You-Earn (PAYE) taxes deducted from board's member amount of Kshs.395, 400. However, the amount was not remitted to Kenya Revenue Authority as at 30 June, 2024 this was contrary to Income tax guideline that require deducted tax to be remitted to KRA on or before the 9th day of the following month.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Explanation on non-remittance of Kshs.395, 400 to Kenya Revenue Authority as at 30 June, 2024.</p> <p>Management did not remit Kshs.395, 400 to Kenya Revenue Authority on time because of the limited resources. The company is currently offsetting arrears and has provided in the budget of the FY 2025/2026 withheld board taxes to be remitted once funds are available.</p>	Awaiting senate clearance	30/12/2025

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Reference No on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3	<p>Failure to Maintain an Updated Fixed Assets Register</p> <p>The statement of financial position Reflects Property, Plant and Equipment Balance of Ksh.5,382,435 and as disclosed in note 20 to the financial statements.</p> <p>However, the assets register maintained by the company does not contain key information including dates of acquisition, supplier's names, cost, location, Depreciation amount, accumulated depreciation and netbook values. This was contrary to regulation 136(1) of the public Finance Management county government regulations, 2015 which requires that the accounting officers shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.</p> <p>In the circumstances management was in breach of the law.</p>	<p>The original asset register was missing some components as observed by the auditor. Currently management has updated the assets register and included the required information as follows, dates of acquisition, supplier's names, cost, location, Depreciation amount, accumulated depreciation and netbook values.</p>	Awaiting senate clearance	30/12/2025

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p>Lack of Risk Management Policy and Framework</p> <p>During the year under review, the company management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was not clear how management manages risk exposures. This contrary was to regulation 158(1)(a) and (b) of the public finance management (county Governments regulation, 2015 which requires the accounting officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county Government entity develops a system of risk management and internal control that builds robust business operations.</p> <p>In the circumstance the existence of effective risk management measures could not be confirmed.</p>	<p>The Company has adopted a risk management Policy framework of the County Executive of Kakamega which is applicable to the entities under its umbrella.</p>	Awaiting senate clearance	30/12/2025
1	<p>Lack of Scheme of Service</p>	<p>Management is still in the process of developing a scheme of service. Currently the company has a draft scheme of service. Currently the</p>	Awaiting senate clearance	30/12/2025

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Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					
2	N/A					

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A					
2	N/A					
3	N/A					

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>During the year under review, the Company did not have an approved scheme of service detailing job grading structure, job descriptions and appointment specifications, standards for recruitment, training, advancement, career planning and succession management across the various cadres as established.</p> <p>In the circumstances, the effectiveness of the internal controls on staff management could not be confirmed.</p>	<p>company has an approved Human Resource manual which is being used.</p>		

Titus O. Mumia



Managing Director

27th August, 2025

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Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity COUNTY DEPARTMENT OF WATER, KAKAMEGA COUNTY

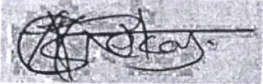
Name of Beneficiary entity KAKAMEGA COUNTY RURAL WATER AND SANITATION COMPANY

Confirmation of amounts received by KACRU W ASCO as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	11/07/2024			10,000,000	
	06/05/2025			5,000,000	
Total				15,000,000	

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

Head of Accounts Department - Disbursing Entity:

Head of Accounts Department - Beneficiary Entity:

Name Stacy Nekoy Sign  Date 27th August, 2025

Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting Disaster Management Expenditure

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

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Other	Total Amount KES	Where Recorded/recognized					Total Transfers during the year
				Statement of Comprehensive Income	Capital Fund	Deferred Income	Receivables	Others must be specified	
Ministry/County department of Water	11/07/2024	Recurrent & Development	10,000,000	10,000,000	0	0	0	0	10,000,000
Ministry/County Department of water.	06/05/2025	Recurrent & Development	5,000,000	5,000,000	0	0	0	0	5,000,000
			0	0	0	0	0	0	0
Total			15,000,000	15,000,000	0	0	0	0	15,000,000



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