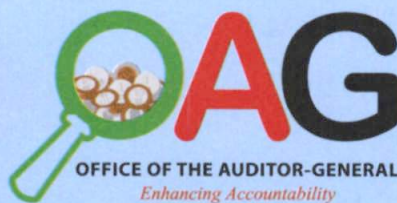


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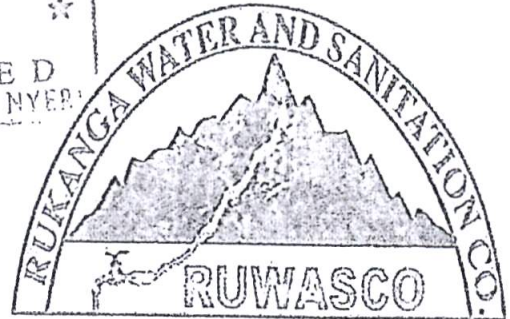
REPORT
OF
THE AUDITOR-GENERAL
ON
RUKANGA WATER AND
SANITATION COMPANY LIMITED
FOR THE YEAR ENDED
30 JUNE, 2025

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RUKANGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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

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1. Acronyms and Glossary of Terms

A. Acronyms

<i>CEO</i>	<i>Chief Executive Officer</i>
<i>DG</i>	<i>Director General</i>
<i>IAS</i>	<i>International Accounting Standards</i>
<i>IASB</i>	<i>International Accounting Standards Board</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>ICS</i>	<i>Institute of Certified Secretaries</i>
<i>MD</i>	<i>Managing Director</i>
<i>NT</i>	<i>National Treasury</i>
<i>PFMA</i>	<i>Public Finance Management Act.</i>
<i>DLI</i>	<i>Disbursement Linked Indicator</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information

Background information

Rukanga Water and Sanitation Company started as a community water project in 1989. It was financed by IFAD through Kenya Government and the Rukanga community. The area coverage is 75 Km² and currently serves a population of approximately 20,000 people.

The enactment of Water Act 2002, led to the creation of Water Services Regulatory Board (WASREB), Water Works Development Agencies and Water Services Providers to spearhead the water sector reform programme. We are a Water Service Provider Limited by shares, incorporated under the Companies Act Cap 486 of the laws of Kenya, and fully owned by county government of Kirinyaga. The Company operates under the supervision of Water Services Regulatory Board (WASREB). At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company.

Rukanga Water and Sanitation Company Limited has been mandated by Water Services Regulatory Board (WASREB) to carry out water and sanitation services in both urban and rural areas of Kirinyaga County, Mwea west Sub-County, Makutano Location, Rukanga sub-Location. The Company takes charge of public resources in order to provide quality, affordable, reliable, sustainable and portable water in the target community. Rukanga Water and Sanitation Company Limited is oversighted by the County Government of Kirinyaga.

Principal Activities

The principal activity of the Company is to ensure efficient and sustainable provision of quality and affordable water and sanitation services in Rukanga sub-Location and its environs. The Company's Vision being, To Excel in Water Services Provision and its Mission is to provide affordable, reliable safe drinking water and improved sanitation services while applying environmentally friendly technologies. To achieve our mission and vision, the following core values are our guiding principles

- Customer focus
- Accountability
- Transparency
- Integrity
- Commitment of teamwork

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

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

1. Antony Mathenge Muchiri - Chairman - Appointed on 11th December 2019.
2. James Kinyua Mutugi - CECM Water Kirinyaga County-Appointed on 19th March 2024.
3. Peter Murimi Njeru - Chief Officer Kirinyaga County-Appointed on 19th May, 2023.
4. Phyllis Nyaguthii - Member - Appointed on 26th November 2020. Retired on 21st March 2025
5. Benvon Mbirua - Member - Appointed on 26th November 2020. Retired on 21st March 2025
6. Florence Wanjiku Maina - Member - Appointed on 5th May 2025.
7. Eunice Njambi Kinyua - Member - Appointed on 5th May, 2025.
8. Anthony Mwendia Njogu - Member - Appointed on 21st March, 2025
9. Nancy Wanjiku Mugambi - Member - Appointed on 5th May, 2025.
10. David Njoroge - General Manager & BOD Secretary - Appointed on 11th April 2022.
11. FCS Richard k. Gikuhi - Company Secretary –Appointed on 2019

Company Secretary

Mr. Richard K Gikuhi

P.O. Box 1271-10100

Nyeri.

Registered Office

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

Rukanga Water and Sanitation Company Limited

Riandira Shopping Centre, Makutano-Sagana highway

P.O. Box 311-10230,

Sagana.

Tel: 0702609597

Email- ruwasco@gmail.com

Corporate Bankers

Co-operative Bank of Kenya

Kerugoya Branch

P.O. Box 635-10300,

Kerugoya

Equity Bank

Kagio Branch

P.O. Box 134-10306,

Kagio

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 Attorney General

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




State Law Office, Harambee Avenue

P.O. Box 40112





City Square 00200





Nairobi, Kenya

3. The Board of Directors

	Directors	Details
1	 <p>Mr. Anthony Mathenge Muchiri</p>	<p>Y.O.B 1978,</p> <ul style="list-style-type: none"> • CPA – K, • B.O.D Chairman. • Non-Executive member.
2	 <p>Mr. James Kinyua Mutugi</p>	<p>Y.O.B 1973.</p> <ul style="list-style-type: none"> • Bachelor of Education –Early Childhood • Diploma in Education -Early Childhood Development Education • CECM – Environment , Energy, Climate change, Water & Irrigation and Natural Resources County Government of Kirinyaga
3	 <p>Mr. Peter Murimi Njeru</p>	<p>Y.O.B 1986</p> <ul style="list-style-type: none"> • Bachelor of Education (ARTS) • Chief Officer – Water & Irrigation County Government of Kirinyaga




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

4	 <p>Florence Wanjiku Maina</p>	<p>Y.O.B 1995,</p> <ul style="list-style-type: none"> • Bachelor of Business Administration (Procurement) • Diploma in Business Administration • Certificate in Business Administration • Chairperson of Audit Committee • Non- Executive member of the board.
5	 <p>Mrs. Phyllis Nyaguthii</p>	<p>Y.O.B 1978,</p> <ul style="list-style-type: none"> • KCSE C Minus, • Board Member. • Member Audit and Finance Committee. Non-Executive member of the board.
6	 <p>Eunice Njambi Kinyua</p>	<p>Y.O.B 1978</p> <ul style="list-style-type: none"> • Diploma in project management from Kenya institute of management. • Diploma in Computer programming (DIMA College). • A member representative for private sector at the ad-hoc committee Kirinyaga County. • Non-Executive member of the board
7	 <p>Mr. Benvon Mbirua</p>	<p>Y.O.B 1965,</p> <ul style="list-style-type: none"> • KCE Division 3, • Computer Packages. • Board Member. Chairperson Audit and Finance Committee. • Non-Executive member of the board.

8	 <p>Nancy Wanjiku Mugambi</p>	<p>Y.O.B 1966,</p> <ul style="list-style-type: none"> • A level Certificate • Diploma in Education • Certificate in Business Administration • Certificate in Guiding & Counselling • Board Member. Chairperson Technical /Finance Committee. • Non-Executive member of the board.
9	 <p>Anthony Mwendia Njogu</p>	<p>Y.O.B 1985,</p> <ul style="list-style-type: none"> • Bachelor of Administration (Philosophy) • Post Graduate Diploma in Education • Diploma in Philosophy & Religious studies • Non-Executive member of the board.
10	 <p>CPA David Njoroge</p>	<p>Managing Director, Bachelor of Commerce (BCOM) accounting option, CPA-K, CFE.CA Over 15 years of experience in Financial management, corporate governance and strategic planning. Member of ICPAK & ACFE</p>
11	 <p>FCS Richard K. Gikuhi</p>	<p>Company Secretary, Master's degree in Business Administration, Member of Institute of Certified Secretaries of Kenya, an accredited Governance Auditor, member of the Kenya Institute of Management. Certified Secretary with a wide range of experience in Corporate Governance and Management of over forty years</p>

4. Key Management Team

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

	Managers	Details
1	 CPA David Njoroge	Managing Director, Bachelor of Commerce (BCOM) accounting option, CPA-K, CFE.CA Over 15 years of experience in Financial management, corporate governance and strategic planning. Member of ICPAK & ACFE
2	 Kennedy M. Ng'endo	Accountant, CPA II SECTION IV.
3	 FCS Richard K. Gikuhi	Company Secretary, Master's degree in Business Administration, Member of Institute of Certified Secretaries of Kenya, an accredited Governance Auditor, member of the Kenya Institute of Management. Certified Secretary with a wide range of experience in Corporate Governance and Management of over forty years

5. Chairman's Statement

On behalf of Rukanga Water and Sanitation Company Limited, Board of Directors, management, staff and all stakeholders, it is with great honor that I provide this report that provides a comprehensive overview of our company's financial performance and highlights the key factors that influenced our results during this period.

Overview

The Year 2024/2025, the company was faced with high cost of operations especially on water treatment Chemicals, rehabilitation and maintenance Pipes and water fittings hence raising cost of operation and making it hard for the company to undertake investment and to achieve desired Operation Cost Coverage Ratio (OCCR) which currently stand at 85% against benchmark target of above 100%. Despite those challenges the company made milestone by having a bulky water connection from KICOWASCO through intervention of County Government of Kirinyaga near

CMI. This bulky water connection will boost company revenues hence spurring growth of our company tremendously.

Our commitment to providing water and sanitation services aligns with the Government of Kenya's Vision 2030 and the Sustainable Development Goals (SDGs). These frameworks underscore the significance of water access, sanitation, and water quality as key development indicators. As we contribute to these ambitious agendas, we must remain steadfast in our pursuit of excellence.

a) Company formation

The company has evolved over time in an effort to establish an appropriate legal, economic and institutional environment that will allow the company to thrive in advancing realization of universal coverage in safe, clean water in adequate quantities and reasonable standard of sanitation.

- ❖ July 1989 Registered as community project
- ❖ January 2006 Registered as Rukanga water society (Water Act 2002)
- ❖ January 2007 Rukanga water & Sanitation company Limited (by shares)
- ❖ May 2008 Rukanga water & Sanitation company Limited (by guarantee)
- ❖ October 2022 Rukanga water & Sanitation company (2022) Limited by shares
- ❖ September 2024 Rukanga Makutano Water & Sanitation PLC limited by share and fully owned by the County Government of Kirinyaga as per the Water act 2016

b) Corporate Governance

The company through its board of directors have continuously and overtime implemented corporate governance guidelines as provided by sector regulator Water Service Regulatory Board (WASREB)

As per WASREB Rukanga Makutano Water & Sanitation PLC Limited is categorized as Small scale water service provider hence its board of directors shall have a maximum of seven (7) board members where two are from county Government executive. In this year's AGM held on 21st March 2025 the board members were increased to the recommended members representing various organization groups as follows.

1. One (1) director representing Farmers Organizations.
2. One (1) director representing Professional Organizations.
3. One (1) director representing Registered Women Organizations
4. One (1) director representing commercial consumers –Hospitality, health institutions, Business and learning institutions
5. One (1) director representing Registered Special Interest Groups – the youth, people living with disability
6. Two (2) Directors representing county Government of Kirinyaga

c) Business Development

The Company internally generated revenue increased from 13.86M to 13.96M in spite of reduced grants from the government. However, the water revenue increased from 11,367,536 to 12,827,227. This was from robust mechanisms employed, which realized efficiency and effectiveness in our business model. We also realized an increase of operational cost from 13.9M to 16.4M and additionally, the water abstraction charges paid to Water Resources Authority were increased from Kshs 0.5 per cubic meter to Kshs 2.5 per cubic meter among other factors.

d) Operating license

As per the provisions of water Act 2016 section 85 and 86 Rukanga Water & Sanitation Company has been issued with three (3) year operating license. (16th December 2022 to 15th December 2025). The management has applied to the regulator WASREB for license renewal.

e) Cost reflective Tariff

As per section 72 (1) b of the water Act, 2016 tariff applicable by water service providers must be evaluated and approved by WASREB to ensure they meet the minimum national standard on consumer protection.

Rukanga water and Sanitation Company however have applied for tariff review and approval by sector regulator WASREB and will engage all stakeholders in the process of reviewing the cost reflective tariff.

f) Makutano Sanitation project

Rukanga water & Sanitation project has been awarded a project by Water Sector Trust Fund (WSTF) at a cost 21M where WSTF will contribute 84% (18.4M) while the company will contribute 16% (2.67M). The project is referred to as Up – Scaling Basic Sanitation for the Urban Poor (UBSUP) which focuses on household and plot level sanitation.

The funds under this grant are to support construction of 200 household and plot level sanitation facilities and related Decentralized Treatment Facilities (DTFs) in low-income urban areas.

We have completed the construction of 200 toilet as per phase I allocation and have further applied for the Phase II of the Safisan Toilets allocation

The DTF will be constructed on public plot allocated by County Gov't of Kirinyaga in Kirindahi area (0.375Ha i.e. 0.926 acres).


g) K-WASH Program

The Kenya Water, Sanitation, and Hygiene (K-WASH) Program is a performance-based initiative designed to accelerate progress towards universal access to safe and sustainable water supply and sanitation services, particularly in climate-vulnerable and underserved rural counties. Anchored within the National Water and Sanitation Investment Program (NAWASIP). The program has selected 19 counties to participate and Kirinyaga County being one of them.

Rukanga Water & Sanitation Company being wholly owned by the county is also among the companies that are in the KWASH program.

The program involves PforR component, which provides performance-based incentives to achieve results measured against disbursement-linked indicators (DLIs) that have been agreed with the GoK. As RUWASCO, we are putting up the best strategy to qualify for the programme disbursement.

In conclusion I sincerely wish to appreciate all our stakeholders; the County Government of Kirinyaga (CGK) and all other development partners for your solid commitment and support during the year, our esteemed customers, for your loyalty and support and finally to the Board of Directors, Management and staff for your hard work and dedicated effort to make 2024/2025 financial year a success.

Sign:  Date: 28/10/2025

Anthony Mathenge Muchiri

Board Chairman.

RUKANGA WATER & SANITATION
CO. LTD.
P. O. Box 311 - 10230,
SAGANA-KENYA
TEL:.....

RUKANGA WATER AND SANITATION COMPANY LIMITED

6. Report of the Managing Director

Introduction

RUKANGA WATER AND SANITATION COMPANY LIMITED is licenced by WASREB as small scale water service provider based in Kirinyaga county Mwea West and was started as a community water project in 1989.

In the fiscal year 2024/2025, the company navigated through a dynamic landscape while achieving commendable progress. Our financial statements indicate a resilience while also the operating cost have also gone up marginally.

Our prudent financial management practices have enabled us to maintain healthy cash reserves and manage our liabilities effectively. We continue to optimize our revenue collection processes while ensuring transparency, accountability and accuracy.

Our commitment to a skilled and motivated workforce is reflected in the increased investment into personnel training and remuneration that ensures the effective delivery of our services.

In the last fiscal year, the company's financial position has evolved in response to dynamic market conditions and a steadfast commitment to our mission.

a) Water Production

Our only water intake from River Ragati design have challenges, which make them susceptible to malfunctions during low water levels due to its position not in an ideal location and its inadequate anchoring of the weir into the abutments.

The Elevation from the treatment works to the highest point of the mainline is 68m. This offers very small headroom to sustain the water flow by pressure to the Makutano & Kaminji unit, which is on high ground which we barely serve them through rationing programme..

Below are our water production & billing data for the last 3 years.

YEAR	PRODUCTION M3	BILLING M3	NRW
2019/2020	185,649.00	124,555.00	61,094.00
2020/2021	192,015.00	156,415.00	35,600.00
2021/2022	192,138.00	149,048.00	43,090.00
2022/2023	223,278.00	185,407.00	37,871.00
2023/2024	276,517.00	213,340.00	63,177.00
2024/2025	316,526.00	226,744.00	89,782.00

b) Rukanga Water and Sanitation Company Limited Total Revenue and Expenditure

COMPREHENSIVE INCOME AND EXPENDITURE (KSHS.)					
YEAR	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
REVENUE	8,986,269.00	8,728,728.00	11,623,249.00	13,860,057	13,963,796
TOTAL EXPENDITURE	8,885,446.00	9,773,893.00	12,814,491.00	13,911,149	16,400,947
PROFIT/LOSS	100,823.00	(1,045,165.00)	(1,191,242.00)	(51,092)	(2,437,151)

Other Statistical data

PARTICULARS	2020/2021	2021/2022	2022/2023	2023/24	2024/25
Average monthly water production m3	16,001	16,011	18,606	23,043	26,377
Registered connections	2120	2,172	2,391	2,538	2,611
Active connections	1,767	1,819	2,034	2131	1,958
Inactive connections	353	353	357	407	653
New connection	71	34	65	56	53

The constrained resources have limited our ability to invest in critical infrastructure upgrades and expansion projects. Inadequate income has restricted our financial flexibility to undertake capital-intensive initiatives that are essential for enhancing our service delivery.

To address this challenge we have applied for cost recovery tariff review with WASREB and further exploring partnerships and seeking funding from County Government of Kirinyaga and other development partners.

c) Customer Service

Continued feedback and support from our customers is our expectation that enables the company serve our customers better and improve our services and thus;

The Company has a dedicated customer care line (0702609597) and an Email ruwasco@gmail.com). We have also effected a bulk SMS billing.

We also have a communication desk with very hospitable and friendly staff as well as suggestion box.

d) Commitment to Sustainability

Despite the challenges we face, our unwavering commitment to financial sustainability remains our driving force. We continue to invest in our infrastructure from limited internally generated resource to provide uninterrupted water and sanitation services to our community.

In line with this the company has undertaken several water pipe repairs in Tayana and Kaminji branches vandalized by on-going road construction by KURA/KERRA

e) Stakeholder Collaboration

Our success would not be possible without the steadfast support and valued partnerships with the community, County Government of Kirinyaga, and development partners and we remain committed to meeting and exceeding your expectations. We have also collaborated with KICOWASCO to supply bulk water to our system we have applied for bulk water tariff with WASREB, which is under review.

f) Adverse performance Trends

The adverse performance trends, as indicated by the below bench mark Operation Cost Coverage Ratio (OCCR) have presented obstacles in covering our operations cost and hence inhibits our capacity in meeting, sustaining and expanding our operations. These trends can impact in our ability to maintain service levels and meet operational expenses.

In response, we are focusing on seeking additional water source, enhancing our revenue generation strategies. We are geared to refining our billing and collection processes, exploring on acquisition of billing software and review our tariff to cost recovery models, and actively engaging with our customers to promote timely payments as well as enhancing NRW reduction strategies.

In conclusion;

Our staff remains dedicated to efficient maintenance and repair of water supply infrastructure. We are investing in training programs to enhance our team's skills and ensuring that essential operations continue without compromise.

While our financial statements highlight the difficulties we have encountered, they also underscore our commitment to transparency and accountability. We are steadfast in our pursuit of innovative solutions, strategic partnerships, and prudent financial management to overcome these challenges and emerge stronger. With the collective support of our stakeholders, especially our county government of Kirinyaga on funding, we are confident in our ability to navigate these hurdles and continue our journey towards sustainable growth.

Sign: 

Date: 28/10/25

David Njoroge

Managing Director

RUKANGA WATER AND SANITATION COMPANY

RUKANGA WATER & SANITATION
CO. LTD.
P. O. Box 311 - 10230,
SAGANA-KENYA

TEL:.....

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

Rukanga Water and Sanitation Company Limited has 7 strategic pillars/ themes/issues and objectives within the Strategic objectives. These strategic pillars/ themes/ issues are as follows:

1. Increased water coverage.
2. Embark on sanitation coverage.
3. Reduce NRW levels.
4. Grow the company' financial position and commercial position.
5. Strengthen institutional capacity.
6. Enhance customer service and stakeholders.
7. Research and Development.

The company develops its annual work plans based on the above 7 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan ideally should be done on an annual basis. The company achieved its performance targets set for the FY 2024/2025 period for its 7 strategic pillars, as indicated in the diagram below:

Rukanga Water and Sanitation Company Limited
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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Increased water coverage	To increase the provision of accessing clean and safe drinking water supply through an increase in water production.	Increase the number of customer connections. Increase no. of hours water is supplied.	1. Application of bulk water connection from TWWDA/KIRIWASCO 2. The company has been involved actively in the KWASH program with expected funding of around Kshs 38 M	The company has developed proposals to county government of Kirinyaga, WSTF, National Govt, CDF – Mwea West, TWWDA,
2. Embark on sewerage coverage	To increase sewerage coverage from 0% to 4%	Initiate and commence on sewer connections.	1. Developed and submitted for project funding on sanitation by Water Sector Trust Fund – UBSUP program. i.e. construction of 200 No. Toilets and 50m ³ Decentralized Treatment Facility (DTF)	The company has been awarded UBSUP project by WSTF for construction of 200 No. Toilets and 50m ³ Decentralized Treatment Facility (DTF) project is on-going.

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

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
3. Reduced NRW levels	1. Enhance efficiency and effectiveness in operations	1. Procure leak detection equipment and install master meter, rehabilitate and replace old water supply lines. Set up of NRW team Develop NRW strategy	1. Develop and implement a NRW management policy 2. Develop funding proposals for NRW management 3. Installation of one meter testing bench 4. Installation of 40 bulk smart water meters 5. installation of 2038 smart water meter for consumers	1. The company has set up a NRW department hence increased on monitoring and surveillance. 2. The company has acquired 1 No. ultrasonic flow meter. 3. The company has continuously replaced the faulty meters and servicing consumer metres. 4. The company continue to enhance skill to staff through training to increase their productivity.

Rukanga Water and Sanitation Company Limited
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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
4. Grow the company's financial and commercial	<p>1.Enhance efficiency and innovativeness in revenue generation and collection and ensure ethical management of funds</p> <p>2.Develop and implement a Procurement policy as per PPDA Act</p>	<p>1.Obtain and comply with licence from the regulator.</p> <p>2. Procurement of billing software.</p> <p>3.Increase number of connections hence increase in revenue.</p> <p>4.Increase collection efficiency.</p> <p>5.Reduce cost of production.</p> <p>6. Apply for review of water tariff with regulator (WASREB)</p>	<p>1. Review water tariff from the current pro-poor tariff.</p> <p>2.Develop and Implement strategic plan and business continuity plan.</p> <p>3. Procure billing software.</p> <p>4. Capacity Build ICT officer – from TWWDA or employ internally</p> <p>5. Undertake timely billing and improve revenue collection efficiency</p> <p>6. Increase water connections to meet the demand every year.</p> <p>7. Seek support from development</p>	<p>1.The company is licensed by WASREB valid from 16th Dec 2022 – Dec 2025 (3 years)</p> <p>2. Developed debt recovery and management policy.</p> <p>3. Developed and Implemented a risk and disaster management policy</p> <p>4. The company continue to enhance skill to staff through training to increase their productivity</p> <p>5. Applied for review of water tariff with regulator (WASREB which is under assessment.</p>

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

Rukanga
Annual

Strategy
Pillar
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			<p>partners through submission of project proposals</p> <p>8. Implement & Empowerment of debt collection policy and staff</p> <p>9. Ensuring that the company complies with good accounting practices</p>	
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Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
5. Strengthen institutional capacity	1.Improve the organisational structures, processes and capacity building to enhance operational efficiency, and organizational sustainability.	1.Review of organisation structure 2.Increase number of trainings and capacity building 3.Obtain asset ownership documents. Enhance budget allocation for staff capacity building	1.Review the organisational structure to ensure that it fits the strategic intent. 2.Implement annual staff training plans. 3.Retain and source for talented human resource 4.Train the board of directors on cooperate governance annually	1.The company is reviewing the organisational structure 2.The company has developed asset management policy 3.The company has been seconded technical staff from TWWDA.

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievement
6. Enhance customer service and stakeholder engagement	1. Offer timely, quality and reliable services and engage stakeholder where legally required and instances where their participation is necessary	1. Develop stakeholder engagement framework 2. Undertake customer satisfaction survey 3. Undertake CSR activities 4. Development of communication strategy	1. Develop and implement a communication strategy 2. Develop stakeholder engagement framework 3. Develop innovative ways of enhancing service delivery and engaging customers 4. Undertake CSR activities annually 5. Mapping of our stakeholders using GIS. 6. Develop a Company website	1. The Company has collaborated with stakeholders in CSR activities such tree planting. 2. Customer engagement on license renewal. 3. Company have implemented Bulk SMS billing system. 4. Company have improved turn around response time for reported water pipe burst and repairs.

8. Corporate Governance Statement

The company through its board of directors have continuously overtime implemented corporate governance guideline provided by sector regulator Water Service Regulatory Board (WASREB) As per WASREB Rukanga water & Sanitation, company Limited is categorized as Small-scale water service provider hence its board of directors shall have a maximum of seven (7) board members where two are from county Government executive.

As a board we have complied with these guidelines in the AGM held on 21st March 2025. In addition, 2 Directors retired by rotation and an addition of 4 new board members representing the Youth and women, farmers and professional organisations were elected through competitive bidding. The new Board member were inducted on 25th May 2025.

They were appointed for an initial term of three (3) years and are eligible for re-election for another term of three (3) years subject to satisfactory performance and rotation of one third (1/3) of members as provided in the Memorandum and Articles of Association of the Company and Corporate Governance Standards of WASREB. The maximum cumulative period of service shall be six (6) years.

The Board of Directors may also recommend their removal from the Board based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law.

B. Role of the Board:

1) The Board's role is to effectively represent and promote the interests of the Company.

2) The Board directs, and supervises the management on the business and affairs of the Company including, in particular:

a) Ensuring that the Company's purpose, values and goals are clearly established, and that strategies are in place for achieving them;

b) Establishing policies for strengthening the performance of the Company including;

- i. Ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- ii. Monitoring the performance of management;
- iii. Appointing the Managing Director, setting the terms of his/her employment and, where necessary, terminating his/her employment.
- iv. Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- v. Ensuring that the Company's financial statements are true and fair and otherwise conform with the law;
- vi. Ensuring that the Company adheres to high standards of ethical and corporate behaviour; and
- vii. Ensuring that the Company has appropriate risk, management/regulatory compliance policies in place.

3) In the normal course of events, day-to-day management of the company is left to management.

4) All Members of the Board are expected to take decisions objectively in the interest of the Company. The Board as a whole is collectively responsible for the success of the Company.

All members of the Board have the same general legal responsibilities.

During the financial year the Company incurred a sum of Kenya shillings, 1,264,550 as board allowance and meeting facilitation.

The board has 2 committees i.e. Audit /finance committee and technical committee.

Full Board Meetings attendance

	NAME	POSITION	30- Aug- 24	19- Dec- 24	11- Feb- 25	29- May-25
1	Antony Mathenge Muchiri	Full Board Chairman	√	√	√	√
2	James Kinyua Mutugi	CECM - water	√	√	√	√
3	Peter Murimi	CO - water	√	√	√	√
4	Phyllis Nyaguthii	Member	√	√	√	
5	Florence Wanjiku Maina	Member				√
6	Eunice Njambi Kinyua	Member				√
7	Anthony Mwendia Njogu	Member				√
8	Benvon Mbirua	Member	√	√	√	
9	Nancy Wanjiku Mugambi	Member				√
10	David Njoroge	Board Secretary- GM	√	√	√	√
11	FCS Richard k. Gikuhi	Company Secretary			√	√

TECHNICAL COMMITTEE BOARD MEETINGS ATTENDANCE FY 2024/2025

TECHNICAL COMMITTEE				
	NAME		29-Jul-24	31-Jan-25
1	Antony Mathenge Muchiri	Full Board Chairman	√	√
2	James Kinyua Mutugi	CECM - water	√	√
3	Peter Murimi	CO - water	√	
4	Phyllis Nyaguthii	Member	√	√
5	David Njoroge	Board Secretary- GM	√	√

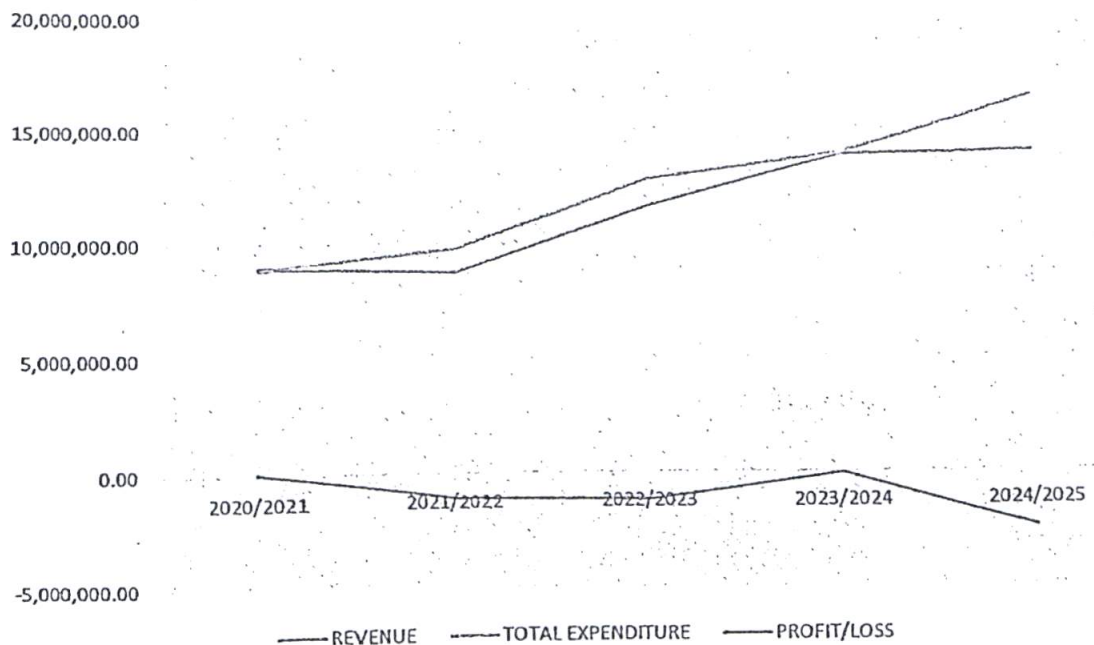
AUDIT AND FINANCE COMMITTEE BOARD MEETINGS ATTENDANCE FY 2024/2025

AUDIT COMMITTEE				
	NAME		19-Sep-24	07-Feb-25
1	Antony Mathenge Muchiri	Full Board Chairman	√	
2	James Kinyua Mutugi	CECM - water		√
3	Peter Murimi	CO - water	√	√
4	Benvon Mbirua	Audit Committee Chairman	√	√
6	David Njoroge	Board Secretary- GM	√	√

9. Management Discussion and Analysis

RUKANGA WATER AND SANITATION COMPANY LIMITED is a water and sanitation services provider registered under the company's Act 2015 of the law of Kenya. The company is an agent of the County Government of Kirinyaga (CGK). This is in line with the requirement by the Constitution of Kenya (GoK) 2010 and the Water Act 2016.

COMPREHENSIVE INCOME AND EXPENDITURE (KSHS.)					
YEAR	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
REVENUE	8,986,269.00	8,728,728.00	11,623,249.00	13,860,057	13,963,796
Revenue Growth Rate		-2.87	33.16	19.24	0.75
TOTAL EXPENDITURE	8,885,446.00	9,773,893.00	12,814,491.00	13,911,149	16,400,947
Expenditure Growth Rate		10.00	31.11	8.56	17.90
PROFIT/LOSS	100,823.00	-1,045,165.00	-1,191,242.00	-51,092	-2,437,151
Growth on Profit/Loss		936.63	-213.98	-104.29	-4,870.12



REVENUE, EXPENDITURE, PROFIT/LOSS



10. Environmental and Sustainability Reporting

The company is firmly committed to advancing environmental sustainability in Kenya and aligning itself with the government's global climate initiatives. Below is an overview of Rukanga's policies and actions that bolster sustainability and environmental performance:

i) Sustainability strategy and profile

The senior management take a proactive role in advocating and championing sustainable practices within the organization. They remain abreast of the wider political and macroeconomic trends that impact sustainability priorities. Rukanga Water and Sanitation Company Limited consistently adheres to international best practices and conducts periodic assessments to gauge the success and areas requiring improvement in their sustainability endeavours.

ii) Environmental performance

Environmental Policy:

The Company is in the process of developing a robust environmental policy that will serve as a guiding principle for its operations. This policy explicitly outlines the company's unwavering commitment to responsible environmental stewardship.

Biodiversity Conservation:

Recognizing the critical value of biodiversity, the company actively participates in local conservation initiatives, including tree planting exercises and protection of water catchment areas, to protect and preserve ecological diversity.

Waste Management:

Rukanga Water and Sanitation Company Limited has a comprehensive waste management practises designed to minimize waste generation and advocate for recycling and proper disposal practices. The company proactively implements measures to reduce its waste output, such as curbing the use of single-use plastics and promoting recycling among both its employees and customers.

Reducing Environmental Impact:

Rukanga Water and Sanitation Company Limited is steadfast in its efforts to reduce the environmental footprint associated with its services. This includes initiatives to enhance water conservation, decrease energy consumption, and optimize its infrastructure for improved efficiency.

iii) Employee welfare

Recruitment and Gender Equality:

The Company adheres to the Human Resource and Procedures manual, which is guided by regulatory bodies such as WASREB. The organization maintains a commitment to gender diversity in its workforce and fosters equal opportunities for all. Vacant positions are officially advertised through various channels to ensure transparency and fairness.

Training and Development:

The Company regularly conducts Training Needs Assessments to identify employees in need of additional skills or training. The company actively supports its staff in enhancing their career skills, offering opportunities for further education and development. Annual performance appraisals are carried out, and high-performing employees receive recognition and rewards at the end of each year.

Workplace Environmental Awareness:

The Company upholds a Workplace Environmental Policy that nurtures environmental consciousness among its staff and stakeholders, encompassing customers, employees, and the community. The company conducts ongoing environmental awareness programs to educate and engage employees in sustainable practices.

In addition to these measures, the company actively collaborates with government agencies and engages in community-driven sustainability initiatives to bolster its commitment to environmental sustainability in Kenya, in alignment with global climate agendas.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition-open tendering and respect for competitors or outline how the company ensures improved service delivery practices (e.g. Service charter information, Service automation-self-service, Anti-corruption-reporting, brand protection mechanism, cashless payment, public sensitization/outreach, etc.)

b) Responsible supply chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices and allowing competitive procurement of services.

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

Outline efforts to maintain ethical marketing practices (e.g. avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, respecting consumers) Or discuss how the company's efforts in ensuring its outreach and sensitization practices are ethical and responsible (regular media, website briefs, holding consultative forums, avoiding false or exaggerated promises, giving adequate information, respecting diversity)

d) Product stewardship or Awareness creation

Outline efforts to safeguard consumer rights and interests issues include protection of health and safety, providing adequate product information, dispute resolution and redress, consumer data and privacy protection) or how the company safeguards citizens' rights and interests (Providing adequate service information e.g. NHIF, NSSF, application of licenses, ID, Passport, logbook, connection to power, water, right to representation when arrested/ bail, right to peaceful demonstration, dispute resolution and redress, whistle blowers rights, citizen data and privacy protection)

v) **Corporate Social Responsibility / Community Engagements**

(The report discusses the details of Corporate Social Responsibility (CSR) activities carried out in the reporting period and the impact to the society.) The activities should be limited to the co-mandate of the company. For example, Kenya Forest Services could report social investments arising from partnering with communities to propagate seedlings and then they buy back, agroforestry where the community is allowed to farm and take care of seedlings or an initiative supporting a community to use energy savings Joko's. Provide evidence of community engagement including charitable giving (cash and material), Corporate Social Investment (e.g. schools, dams, roads, boreholes, health facilities etc.) and other forms of community engagements (e.g. tree planting, free clinics, scholarships and bursaries awarded etc.). Or evidence of public participation, sensitization and civic education (e.g. in Law and by-laws formulation, budget-making processes, community consultation on proposed development projects in their areas)

11. Report of the Directors

The structure of the company starts with the Board members representing various stakeholders' interests. The Board members exercise leadership, enterprise, integrity and judgment in steering the company.

They are expected to determine the purpose and values of the company, determine the strategy to achieve that purpose and implement its values in order to ensure the Company survives and thrives. The Board members are expected to enhance the corporate governance practices in running of the company to bring the level of governance in the Company in line with international standards. The essence of corporate governance is to protect stakeholder's interest including the county government, Water service regulatory board, consumers and the communities.

i) Principal activities

The principal activities of the Company are to ensure efficient and sustainable provision of quality and affordable water and sanitation services in our area of jurisdiction.

ii) Results

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

iii) Dividends

The company has not declared dividends for the year ended June 30th 2025

iv) Directors

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

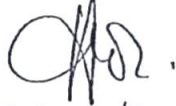
COMPREHENSIVE INCOME AND EXPENDITURE (KSHS.)		
YEAR	2023/2024	2024/2025
REVENUE	13,860,057	13,963,796
TOTAL EXPENDITURE	13,911,149	16,400,947
PROFIT/LOSS	-51,092	-2,437,151

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

v) Auditors

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

By Order of the Board


.....
DAVID NJOROGE

**RUKANGA WATER & SANITATION
CO. LTD.**
P. O. Box 311 - 10230,
SAGANA-KENYA

TEL:.....

Name

Company Secretary/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/period and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company.
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- iv) Safeguarding the assets of the Company.
- v) Selecting and applying appropriate accounting policies
- 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

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

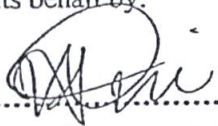
Statement of Directors' Responsibilities (Continued)

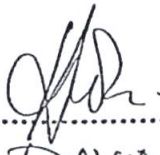
The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting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

In preparing the financial statements, the Directors have assessed the company's ability to continue as a going concern 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 28/08/2025 2025 and signed on its behalf by:


.....
Name **ANTHONY M. MUCHIRI**
Chairperson of the Board


.....
Name **DAVID MIOROGI**
Managing Director

RUKANGA WATER & SANITATION
CO. LTD.
P. O. Box 311 - 10230,
SAGANA-KENYA
TEL:.....

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RUKANGA 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 Rukanga Water and Sanitation Company Limited as set out on pages 1 to 70, 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 Rukanga Water and Sanitation Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards, and comply with the Water Act, 2016, the Company's Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Understated Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.25,447,031 in respect of property, plant and equipment as disclosed in Note 20 to the financial statements. As previously reported, review of the asset register provided for audit revealed that the Company has eight (8) parcels of land out of which three (3) parcels of land have not been valued. Further, title deeds to support ownership of the three (3) parcels of land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership status of the property, plant and equipment balance of Kshs.25,447,031 could not be confirmed.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables totalling Kshs.3,426,757. The amount includes payables amounting to Kshs.342,675 as disclosed in Note 43 to the financial statements which have remained outstanding for over one year. No explanation has been provided for non-payment of these debts.

In the circumstances, the accuracy and completeness of payables amount of Kshs3,426,757 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.18,758,785 and Kshs.13,963,796 respectively resulting to a revenue shortfall of Kshs.4,794,989 (or 26%) of the budget. Similarly, Management expended Kshs.15,636,054 against actual revenue of Kshs.13,963,796 resulting to an over-expenditure of Kshs.1,672,258 or (12%) of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public. Further, the over expenditure may result to unapproved expenditure contrary to Section 99(2) Public Finance Management (County Governments) Regulations, 2015, which requires that the approved estimates of expenditure shall form the basis of accounts for the financial year.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements. Review of the status during audit of the Company in 2024/2025 revealed that the following matters remained unresolved.

No.	Financial Year	Audit Issue
1	2023/2024	Understated Property, Plant and Equipment
2	2023/2024	Expired Tariff Structure
3	2023/2024	Non-Compliance with the law on Ethnic Composition
4	2023/2024	Lack of Internal Audit Function
5	2023/2024	Lack of ICT function, ICT steering committee, ICT strategic Plan
6	2023/2024	Lack of Enterprise Resource Planning (ERP)
7	2023/2024	Untagged Asset

Other Information

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

Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and 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.

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. Lack of Approved Water Tariffs

Review of records revealed that the Company did not have an approved water tariff in place contrary to Section 73(5) of the Water Act 2016 which gives Water Services Regulatory Board (WASREB) the Power to approve the regular tariff adjustments for the water Service Providers.

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

2. Non-Compliance with the Law on Ethnic Composition

Review of personnel records revealed that the Company had sixteen (16) staff members out of which fourteen (14) or 88% of the staff members are from the dominant ethnic community in Kenya.

This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Non-Adherence with the Law on Gender Requirement

Examination and analysis of personnel records revealed that the Company had sixteen (16) staff members out of which twelve (12) or 75% were male while the female consisted

of four (4) staff or 25% of the employees in the staff payroll. This is contrary to article 59(b) to the Constitution of Kenya, 2010 which seeks to promote gender equality and equity generally and to coordinate and facilitate gender mainstreaming in national development.

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

4. High Non-Revenue Water

During the financial year under review, the Company produced a total of 316,526 meters (M3) of water out of which, only 226,744 M3 was billed (sold) at Kshs. Kshs.12,827,227. A total of 89,782 M3 (Kshs. 5,079,094) or approximately 28 % represented Non-Revenue Water. The Unaccounted Water percentage of 28% is 3 % above the allowable loss of 25% by the Water Service Regulatory Board (WASREB) guidelines.

In the circumstances, Management was in breach of WASREB guidelines.

5. Unbalanced Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025 reflects Kshs.18,758,785 in respect to the final revenue budget. However, the statement reflects Kshs.19,058,765 in respect to approved expenditure budget resulting to a deficit budget of Kshs.299,980 in respect to imbalance in the budget contrary to Section 31(c) of the Public Finance Management (County Government) Regulations, 2016 which states that budget revenue and expenditure appropriations shall be balanced.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, 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 an Internal Audit Function

During the year under review, audit examination revealed that the Company lacks an established internal audit unit to review and appraise its existing internal controls with a view to enhancing the Company's operational efficiency, governance and compliance.

In the circumstances, the adequacy of Company's assurance on operational efficiency, governance and compliance with authorities could not be confirmed.

2. Lack of a Procurement Function

During the year under review, Management had not put in place a procurement function including recruitment of a Procurement Officer to assist in preparation of procurement documents, giving professional opinion on procurement process and provide guidance on general adherence to procurement. This was contrary to Section 45(1) of the Public Procurement and Assets Disposal Act, 2015 which states that for the purpose of ensuring that the accounting officer's decisions are made in a systematic and structured way, an accounting officer shall establish systems and procedures to facilitate decision making for procurement and asset disposal.

In the circumstances, the effectiveness of the procurement function could not be confirmed.

3. Lack of an Information and Communication Technology (ICT) Function, ICT Steering Committee and an IT Strategic Plan

During the year under review, audit examination revealed that the Company lacked an Information Technology (IT) function, an IT Steering Committee, and an IT strategic plan, all of which are essential components for effective management and governance of IT resources. The absence of a dedicated IT function raises concerns about the organization's ability to properly manage and safeguard its technology infrastructure, data, and systems.

In the circumstances, the Company's ability to properly manage and safeguard its technology systems could not be confirmed.

4. Lack of an Enterprise Resource Planning (ERP) System and Water Billing System

During the year under review, audit examination revealed that the Company lacked an integrated Enterprise Resource Planning (ERP) system and a dedicated water billing system, both of which are critical for streamlining operations and enhancing service delivery. The absence of an ERP system raises concerns about the company's ability to effectively manage and integrate its core business processes, such as financial management, procurement, inventory control, and human resources.

In the circumstances, the Company's ability to effectively manage and integrate its core business processes could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report, based on my audit, that:

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 are responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 November, 2025

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

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

	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	13,963,796	12,985,796
Grants Income	7	0	781,081
Other Income	8	0	93,180
Finance income	9	0	0
Other gains/(losses)	10	0	-
Total Revenue		13,963,796	13,860,057
Expenses			
Staff Costs	11	6,250,910	5,691,334
General and Operations expenses	12	3,993,467	3,637,676
Board Expenses	13	1,264,550	424,620
Maintenance Expenses	14	4,127,127	3,480,076
Depreciation and Amortization expenses	15	764,893	677,443
Finance Costs	16	0	-
Total Expenses		16,400,947	13,911,149
Profit/(Loss) Before Taxation		-2,437,151	-51,092
Income Tax Expense/(Credit)	17	0	0
Profit/(Loss) After Taxation		0	0

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

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Earnings Per Share – Basic and Diluted	18	0	0
Dividend per share	19	0	0
Other Comprehensive Income			
Profit/ (Loss) After Taxation		-2,437,151	-51,092
Surplus or deficit on revaluation of PPE		0	0
Remeasurement of net defined benefit liability		0	0
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)		0	0
Total Comprehensive Income for The Year		-2,437,151	-51,092

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

15. Statement of Financial Position as at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	25,447,031.11	26,211,925.00
Intangible assets	21	0.00	-
Investment property	22	0.00	-
Right- of -use assets	23	0.00	-
Biological assets	24	0.00	-
Fixed interest investments	25	0.00	-
Quoted investments	26	0.00	-
Unquoted investments	27	0.00	-
Total non-current assets		25,447,031.11	26,211,925.00
Current assets			
Inventories	28	1,349,588.00	1,349,588.00
Trade and receivable	29	2,841,044.00	2,408,158.00
Tax recoverable	30	0.00	-
Short-term deposits	31	0.00	-
Prepayments	32	0.00	0.00
Bank and cash balances	33	1,410,252.60	2,280,554.00
Total current assets		5,600,884.60	6,038,300.00

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


Total Assets		31,047,915.71	32,250,225.00
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	34	0.00	0.00
Revaluation reserve	35	35,159,218.00	35,159,218.00
Fair value adjustment reserve	36	0.00	0.00
Retained earnings	37	-7,685,319.00	-5,248,168.00
Capital and Reserves		27,473,899.00	29,911,050.00
Non-current liabilities			
Deferred tax liability	38	0.00	0.00
Borrowings	39	0.00	0.00
Lease liability	40	0.00	0.00
Provisions	41	0.00	0.00
Retirement benefits	42	0.00	0.00
Total non-current liabilities		0.00	0.00
Current liabilities			
Borrowings	39	0.00	0.00

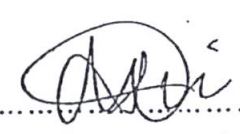
Rukanga Water and Sanitation Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

Lease liability	40	0.00	0.00
Provisions	41	0.00	0.00
Retirement benefit obligations	42	0.00	0.00
Trade and other payables	43	3,426,757.00	2,227,810.00
Refundable deposits and Prepayments	44	147,260.00	111,365.00
Deferred income	45	0.00	0.00
Dividends payable	46	0.00	0.00
Taxation	47	0.00	0.00
Total current Liabilities		3,574,017.00	2,339,175.00
Total Equity and Liabilities		31,047,916.00	32,250,225.00

The financial statements were approved by the Board on 28/08/25 2025 and signed on its behalf by:


 Name **DAVID NDOROGÉ**
 Managing Director


 Name **Kennedy Muriuki**
 Head of Finance
 ICPAK M/No:.....


 Name **ANTHONY M. MUCHA**
 Chairman of the Board

**RUKANGA WATER & SANITATION
 CO. LTD.**
 P. O. Box 311 - 10230,
 SAGANA-KENYA
 TEL:.....

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

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

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2023		-	35,159,218	-	(5,197,076)	-	-	29,962,142
New capital issued		-			-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	(51,092)	-	-	(51,092)
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund+ to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As at June 30, 2024		-	35,159,218	-	(5,248,168)	-	-	29,911,050
As at June 30, 2024		-	35,159,218	-	(5,248,168)	-	-	29,911,050

RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

	Notes	Ordinary share capital	Revaluation n reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Developme nt Fund	Total
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	(2,437,151)	-	-	-
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June 30, 2025 (Current FY)		-	35,159,218	-	(7,685,319)	-	-	27,473,899

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

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

	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		13,963,796.00	12,985,796.00
Grants Income		0.00	781,081.00
Finance Income		0.00	0.00
Other Income		0.00	93,180.00
Customer Deposits		0.00	0.00
Total Receipts		13,963,796.00	13,860,057.00
Payments			
Staff Costs		6,250,910.00	5,691,334.00
General And Operation Expenses		3,993,466.50	3,637,676.00
Board Expenses		1,264,550.00	424,620.00
Maintenance Expenses		4,127,127.00	3,480,076.00
Finance Costs		0.00	0.00
Refund Of Customer Deposits		0.00	0.00
Total Payments		15,636,053.50	13,233,706.00
Net Cash From/ (Used In) Operating Activities	48	-1,672,257.50	626,351.00
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		0.00	0.00
Proceeds From Disposal Of PPE		0.00	0.00
Purchase Of Intangible Assets		0.00	0.00

RUKANGA WATER AND SANITATION COMPANY LTD
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Purchase Of Investment Property		0.00	0.00
Purchase Of Quoted Investments		0.00	0.00
Proceeds From Disposal of Quoted Investments		0.00	0.00
Net Cash From/ (Used In) Investing Activities		0.00	0.00
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital	-	0.00	0.00
Proceeds From Borrowings		0.00	0.00
Repayment Of Borrowings		0.00	0.00
Dividends Paid		0.00	0.00
Net Cash From/(Used In) Financing Activities		0.00	0.00
Increase/(Decrease) In Cash and Cash Equivalents	48	-870,301.28	-1,107,783.96
Cash And Cash Equivalents At Beginning of Year			
		2,280,553.92	3,388,338.28
Effects Of Foreign Exchanges Rate Fluctuations		0.00	0.00
Cash And Cash Equivalents At End of the Year		1,410,252.64	2,280,553.92

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	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=a+b	d	e=c-d	f=d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Operating Revenue	15,758,785	-	15,758,785	13,963,796	1,794,989	88.61%
Non-Operating Revenue		-			-	
Grants	3,000,000	-	3,000,000	-	3,000,000	0.00%
Finance Income	-	-	-	-	-	
Other gains		-			-	
		-			-	
Total Revenue	18,758,785	-	18,758,785	13,963,796	4,794,989	74.44%
Expenses		-			-	
Staff Costs	6,872,820	(281,800)	6,591,020	6,250,910	340,110	94.84%
Board Expenses	600,000	600,000	1,200,000	1,264,550	(64,550)	105.38%
General and operations Expenses	3,656,000	223,725	3,879,725	3,993,467	(113,742)	102.93%
Maintenance	4,585,500	197,775	4,783,275	4,127,127	656,148	86.28%
Finance costs		-			-	
Total Recurrent Expenditure	15,714,320	739,700	16,454,020	15,636,054	817,967	95.03%
Profit or Loss	3,044,465	(739,700)	2,304,765	(1,672,258)	3,977,023	-72.56%

RUKANGA WATER AND SANITATION COMPANY LTD
 Annual Report and Financial Statements for the year ended June 30, 2025

		-			-	
Capital Expenditure	2,730,000	(125,255)	2,604,745	-	2,604,745	0.00%
		-			-	
		-			-	
Total Expenditure	18,444,320	614,445	19,058,765	15,636,054	3,422,712	82.04%

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Budget Reconciliation

	Description of Particulars	Amount in KShs
	Actual Surplus Amounts as per the statement of Budget	600,000
1	Changes in no. of directors as directed by WASREB corporate governance guidelines	600,000
	Total Board of director which is 5% of revenue as directed by WASREB corporate governance guidelines	1,200,000

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

19. Notes to the Financial Statements

1. General Information

Rukanga Water and Sanitation Company Limited is established by and derives its authority and accountability from the Companies Act Cap 486 of the laws of Kenya. The Company is wholly owned by the Kirinyaga County Government and is domiciled in Kenya. The Company's principal activity is to ensure efficient and sustainable provision of quality and affordable water and sanitation services in Rukanga sub-Location and its environs. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements of the year ended 30 June 2025 figures has been combined in order to comply with financial Reporting Template.

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

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

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RUKANGA 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 Company 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

RUKANGA 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 a company'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 company may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).

iii. *Early adoption of standards*

Rukanga Water and Sanitation Company did not early – adopt any new or amended standards in year under review.

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

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the income statement on a straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	2024/2025	
Freehold Land	2024/2025	0%
Buildings and Water supply assets	2024/2025	2.5%
Fixtures and fitting meters	2024/2025	12.5%
Fencing and other operational assets	2024/2025	25%
Computer Software and hardware	2024/2025	30%
Electrical installation	2024/2025	10%

RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

Test equipment	2024/2025	15%
Item	0	0

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 company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

i) Biological Assets

The company 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 company, 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). *(Whichever is applicable).*

k) Quoted investments

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

Summary of Accounting Policies

l) Unquoted investments

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

m) Inventories

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

n) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page 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 company 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 company shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the company that are not available for use by the company.

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.

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 company or not, less any payments made to the suppliers.

f) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2025. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

w) 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 company upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional 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 of these financial statements.

x) Service concession arrangements

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

y) Comparative figures

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

z) Subsequent events

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, 2024



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.

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material

RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the financial statements (continues)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water Sales	12,827,227.00	11,367,536.00
Application fee	80,000.00	87,500.00
Development	320,500.00	558,360.00
Fines /Penalties	736,069.00	972,400.00
Grants and other income	0.00	-
Total	13,963,796.00	12,985,796.00

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Operational grants from Government entities	-	781,081
Recurrent/operational grants from other agencies	-	-
Capital grants amortised	-	-
Donations from County Governments	-	-
In Kind contribution/donations from other agencies	-	-
Total	-	781,081

Name of the Company sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	2024-2025 KShs
Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

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Notes to the financial statements (continued)

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Sale of Tender	-	-
Fine and penalties	-	-
Rental income	-	-
Insurance compensation	-	-
Miscellaneous income (DTF Statutory Refund)	-	93,180
Total	-	93,180

9. Finance Income

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest income from treasury bonds	0	0
Interest income from treasury bills	0	0
Interest from receivables	0	0
Interest from commercial banks and financial institutions	0	0
Interest on staff loans	0	0
Dividends	0	0
Total	0	0

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10. Other Gains and Losses

	2024-2025	2023-2024
Description	Kshs	Kshs
Foreign exchange gains / (losses)	0	0
Loss/gain on disposal on sale of investments	0	0
Gain on sale of fixed assets	0	0
Fair value gain/loss on biological Assets	0	0
Fair value gain or losses on revaluation of investment property	0	0
Revaluation losses on inventory	0	0
Unrealized foreign exchange gains/(losses)	0	0
Total	0	0

11. Staff Costs

	2024-2025	2023-2024
Description	Kshs	Kshs
Gross Salary and Allowances	4,983,486.00	5,691,334
Casual workers' Wages	63,000.00	-
Medical insurance schemes	133,572.00	-
Employer's contributions to social security schemes	302,744.00	-
Employer's contributions to pension scheme	768,108.00	-
Provisions for Leave pay	0.00	-
Gratuity provisions	0.00	-
Fringe Benefit tax	0.00	-
Staff welfare	0.00	-
Other allowances	0.00	-
Total	6,250,910.00	5,691,334
The average number of employees during the year	15	15

RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

12. General and Operations Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Administrative costs		
Library expenses	0.00	-
Rent & Rates	15,000.00	19,000.00
Terminal Benefits	180,000.00	0.00
Email And Internet	76,194.00	68,052.00
Postage	53,903.00	36,378.00
AGM expenses	728,770.00	708,000.00
Public Relations	124,236.00	-
Bank Charges	29,082.50	69,955.00
Meeting and Conference	0.00	-
Telephone Expenses	148,600.00	140,803.00
Staff Welfare	48,150.00	54,350.00
Insurance	121,523.00	98,293.00
Staff Meetings	34,500.00	33,750.00
Travelling & Accommodation	431,000.00	473,034.00
Professional Fees	640,411.00	122,398.00
Audit fees	150,000.00	200,000.00
Security Expenses	646,600.00	587,954.00
Computer Maintenance	20,000.00	77,050.00
Uniforms	20,197.00	25,259.00
Training expenses (capacity building)	22,300	48,400.00
Workshop and Seminars	503,000.00	875,000.00
Total Administrative Costs	3,993,466.50	3,637,676.00

RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the financial statements (continued)

13. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Chairman Honoraria	0.00	-
Sitting allowances	676,700.00	424,620.00
Medical Insurance	0.00	-
Induction and Training	587,850.00	-
Travel and accommodation	0.00	-
Other allowances	0.00	-
Total Board Expenses	1,264,550.00	424,620.00

14. Maintenance Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Water supplies rehabilitation augmentation and maintenance works.	1,668,060.00	1,102,499.00
Increase/(Decrease) in Provision for bad debts	0.00	-
Provision for accrued NSSF PENALTY	0.00	-
Project accounts	476,890.00	279,010.00
Infrastructural networks	0.00	-
Grounds	0.00	-
Motor vehicles	0.00	-
Software	0.00	-
ICT (Information Communication Technology)	0.00	-
Furniture	0.00	-

RUKANGA WATER AND SANITATION COMPANY LTD
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Water Meter maintenance costs	0.00	-
Maintenance of access roads	0.00	-
Totals	2,144,950.00	1,381,509.00
Operation Costs		
Electricity for Lighting	25,026.00	30,251.00
Chemicals	380,773.00	687,967.00
Transport fuels and diesel	352,714.00	370,292.00
Stationery Printing & Publishing	203,446.00	69,856.00
WRUA / WASPA	50,000.00	55,000.00
WARMA	252,443.00	179,566.00
WASREB	513,087.00	454,701.00
Transport Repairs Expenses	89,300.00	81,670.00
Transport Hire	20,500.00	72,395.00
Office Repairs ,Painting and Renovation	94,888.00	96,869.00
Total	1,982,177.00	2,098,567.00
Total Maintenance Expenses	4,127,127.00	3,480,076.00

RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

15. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	764,893	677,443
Right of Use Assets	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total Depreciation and Amortization	764,893	677,443

16. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
	-	-
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (specify)	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

17. Income Tax Expense/(Credit)

Current taxation

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

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RUKANGA WATER AND SANITATION COMPANY LTD
Annual Report and Financial Statements for the year ended June 30, 2025

Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2024-2025	2023-2024
	Kshs	Kshs
Profit before taxation	0	0
Tax at the applicable tax rate of 30%	0	0
Current tax	0	0
Prior year under-provision	0	0
Tax effects of expenses not deductible for tax purposes	0	0
Tax effects of income not taxable	0	0
Tax effects of excess capital allowances over depreciation/amortization	0	0
Deferred tax prior year over-provision	0	0
Total	0	0

(Provide short appropriate explanations as necessary)

18. Earnings Per Share

This is not applicable in our Company and during the financial year

19. Dividend Per Share

This is not applicable in our Company and during the financial year

Rukanga Water and Sanitation Company Ltd
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For the year ended June 30, 2025

20. Property, Plant and Equipment

	Freehold Land	Building & Water Supply Assets	Fixtures & Fittings meters	Fencing and other operational Assets	Computer Software & Hardware	Electrical Installation	Test Equipment	Capital work in progress	Total
Depreciation rate	0	0.025%	0.125%	0.25%	0.3%	0.1%	0.15%	0	0
COST	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
AT 1 July 2023	1,938,269.00	32,697,662.00	666,530.00	744,727.00	417,489.00	40,040.00	1,200,000.00	0	37,704,717.00
Additions							781,081.00	0	781,081.00
LESS: Disposal								0	0.00
At 30 June 2024	1,938,269.00	32,697,662.00	666,530.00	744,727.00	417,489.00	40,040.00	1,981,081.00	0	38,485,798.00
									0.00
COST	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
AT 1 July 2024	1,938,269.00	32,697,662.00	666,530.00	744,727.00	417,489.00	40,040.00	1,981,081.00	0	38,485,798.00
Additions									0.00
LESS: Disposal									0.00
At 30 June 2025	1,938,269.00	32,697,662.00	666,530.00	744,727.00	417,489.00	40,040.00	1,981,081.00	0	38,485,798.00
									0.00
ACCUMULATED DEPRECIATION	Kshs			Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 June 2023	0.00	9,079,321.13	429,537.67	644,715.63	413,238.74	30,428.54	999,188.35	0	11,596,430.06
Accumulated depreciation on disposal									0.00
Charge for the yr.	0.00	590,458.52	29,624.04	25,002.84	1,275.08	961.15	30,121.75	0	677,443.38
At 30 June 2024	0.00	9,669,779.66	459,161.71	669,718.47	414,513.82	31,389.69	1,029,310.10	0	12,273,873.44
ACCUMULATED DEPRECIATION	Kshs			Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 June 2024	0.00	9,669,779.66	459,161.71	669,718.47	414,513.82	31,389.69	1,029,310.10	0	12,273,873.44
Accumulated depreciation on disposal									0.00

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Charge for the yr.	0.00	575,697.06	25,921.04	18,752.13	892.55	865.03	142,765.64	0	764,893.45
At 30 June 2025	0.00	10,245,476.71	485,082.75	688,470.60	415,406.37	32,254.72	1,172,075.10	0	13,038,766.89
								0	
NET BOOK VALUE									
At 30 June 2025	1,938,269.00	22,452,185.29	181,447.25	56,256.40	2,082.63	7,785.28	809,005.27	0.00	25,447,031.11
At 30 June 2024	1,938,269.00	23,027,882.34	207,368.29	75,008.53	2,975.18	8,650.31	951,770.90	0.00	26,211,924.56

Rukanga Water and Sanitation Company Ltd
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Valuation

Land and buildings, etc. were not valued by independent valuer. Hence no amounts were adopted

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	-
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	-	-	-
Office equipment, furniture, and fittings	-	-	-
	-	-	-

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles, including motorcycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

Rukanga Water and Sanitation Company Ltd
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For the year ended June 30 2025

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21. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Disposals	-	-
At June 30	-	-
Amortization		
At July 1	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	-	-
Net book value		
At June 30	-	-

22. Investment Property

	2024-2025	2023-2024
	Kshs	Kshs
Opening valuation	-	-
Movements during the year		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation	-	-
Depreciation (if at cost)		
At July 1 2025	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30 2024	-	-
Net book value		
At June 30 2025	-	-

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23. Right-of-use assets

	<i>Buildings</i>	<i>Plant</i>	<i>Equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2024	-	-	-	-
Additions	-	-	-	-
As at 30 June 2024	-	-	-	-
Additions	-	-	-	-
As at 30 June 20245	-	-	-	-
Accumulated Depreciation				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2024	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2025	-	-	-	-
Carrying Amount				
As at 30 June 2024	-	-	-	-
As at 30 June 2025	-	-	-	-

24. Biological Assets

	2024-2025	2023-2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

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25. Fixed Interest Investments (Bonds)

	2024-2025	2023-2024
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Bond	-	-
AB Corporate Bond (give details)	-	-
CD Corporate Bond (give details)	-	-
Total	-	-

Details	2024-2025	2023-2024
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Fair value gain/(loss) – if measured at FVOCI/FVTPL	-	-
Balance at 30 June	-	-

26. Quoted Investments

	2024-2025	2023-2024
	Kshs	Kshs
Opening valuation	-	-
Movements during the year		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation	-	-

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Name of company where investment is held	No of shares			Nominal value of shares purchase price	Fair value of shares Current year	Fair value of shares Prior year
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	KShs	KShs	KShs
Company A	-	-	-	-	-	-
Company B	-	-	-	-	-	-
Company C	-	-	-	-	-	-
	-	-	-	-	-	-

27. Unquoted Investments

	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
At June 30	-	-
Impairment		
At July 1	-	-
Disposals	-	-
Impairment loss in the year	-	-
At June 30	-	-
Net book value	-	-

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Name of company where investment is held	No of shares			Nominal value of shares/ purchase price	Value of shares less impairment	Value of shares less impairment
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No			
				KShs	KShs	KShs
Company A	-	-	-	-	-	-
Company B	-	-	-	-	-	-
Company C	-	-	-	-	-	-
Company D	-	-	-	-	-	-
	-	-	-	-	-	-

28. Inventories

	2024-2025	2023-2024
	Kshs	Kshs
General stores(Performance guarantee)	269,588	269,588
Chemicals & Laboratory items	-	-
Water fittings and Accessories	-	-
Water meters	-	-
Uniform and protective clothing	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Goods in transit	-	-
Stationery and general stores	-	-
Finished goods	-	-
Others specify	-	-
Work in progress	1,080,000	1,080,000
Less: Impairment of stocks	-	-
Total	1,349,588	1,349,588

[Provide short appropriate explanations as necessary]

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28. a) Inventory movement details

Description	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	1,349,588	0
Additional provisions during the year	-	1,349,588
Recovered during the year	-	-
Written off during the year	-	-
Others specify	-	-
At the end of the year	1,349,588	1,349,588

29. Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables (note (29a))	2,841,044	2,408,158
Deposits and prepayments	-	-
VAT (Value Added Tax) recoverable	-	-
Staff receivables (note 29 (c))	-	-
Other receivables	-	-
Gross trade and other receivables	2,841,044	2,408,158
Provision for bad and doubtful receivable	-	-
Net trade and other receivables	2,841,044	2,408,158
Analysed as:		
Short- Term Trade and Other Receivables	-	-
Long- Term Trade and Other Receivables	-	-

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29. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	2,841,044	2,408,158
Provision for doubtful receivables	-	-
Net trade receivables	2,841,044	2,408,158
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	-	-
Between 30 and 60 days	443,062	375,553
Between 61 and 90 days	277,804	235,475
Between 91 and 120 days	273,160	231,540
Over 120 days	1,847,018	1,565,590
Total	2,841,044	2,408,158

29. (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29. (c) Staff Receivables

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

29. (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2024-2025	2023-2024
	KShs	KShs

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At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

30. Tax Recoverable

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

[Provide short appropriate explanations as necessary]

31. Short Term Deposits

	2024-2025	2023-2024
	Kshs	Kshs
Commercial banks		
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-
Others (specify)	-	-
	-	-

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32. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

33. Bank and Cash Balances

	2024-2025	2023-2024
	Kshs	Kshs
Cash at bank	-	-
Cooperative Bank	1,219,486.57	1,577,296.57
Recurrent (Equity Bank)	50,790.43	231,319.83
Equity Bank	39,962.70	354,000.70
Treasury Bills		-
Cash in hand	8,900.00	9,901.00
Mobile money account-Mpesa	91,112.90	108,036.00
	1,410,252.60	2,280,554.10

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Detailed analysis of the cash and cash equivalents

a) Current account			
Cooperative Bank	01100272011801	1,219,486.57	1,577,296.57
Recurrent (Equity Bank)	0420299470198	50,790.43	231,319.83
Equity Bank	0420299470176	39,962.70	354,000.70
Treasury Bills	01100272011801	-	-
M-Pesa pay bill	522425	91,112.90	108,036.00
Cash at hand		8,900.00	9,901.00
Sub- total		-	-
b) On – call deposits			
Commercial banks		-	-
Others		-	-
Sub- total		-	-
c) Fixed deposits account			
Other Commercial banks		-	-
Others		-	-
Sub- total		-	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile money account		-	-
Sub- total		-	-
Grand total		1,410,252.60	2,280,554.10

34. Ordinary Share Capital

	2024-2025	2023-2024
	Kshs	Kshs
Authorized:		
2024 ordinary shares of Kshs. par value each	-	-
Issued and fully paid:		
2024 ordinary shares of Kshs. par value each	-	-

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35. 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.

36. 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.

37. Retained Earnings

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

38. Deferred Tax Liability

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

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

The movement on the deferred tax account is as follows:

	2024-2025	2023-2024
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-

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Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

39. Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
C) Total Balance at end of the period c = a+b	-	-

The analyses of both external and domestic borrowings are as follows:

Description	2024-2025	2023-2024
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx Organization'	-	-
Sterling Pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

Description	2024-2025	2023-2024
	KShs	KShs
Short term borrowings (current portion)	-	-

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Long term borrowings	-	-
Total	-	-

40. Lease Liability

Description	2024-2025	2023-2024
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

	2024-2025	2023-2024
Maturity analysis	Kshs	Kshs
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On wards	-	-
	-	-
Less: unearned interest	-	-
	-	-
Analysed as:	-	-
Non-Current	-	-
Current	-	-

41. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-

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Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

Provisions details

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
Total	-	-

42. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total	-	-	-	-	-

Retirement benefit Asset/ Liability

The company operates a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by CPF while Net Bank are the custodians of the scheme. The scheme is based on 12% percentage of Basic salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was not carried out as at 30th June 2025 by an independent actuarial valuers. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

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	2024-2025	2023-2024
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Comprehensive Income

	2024-2025	2023-2024
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	2024-2025	2023-2024
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognized	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

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The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% of basic salary or upper limit of KSH 1,080 per employee per month. Other than NSSF the company also has a defined contribution scheme operated by CPF Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

43. Trade and Other Payables

	729,902	986,521
Trade payables		
	86,809	109,454
Accrued expenses		
	144,399	128,723
Employee payables-payroll deduction & gratuity		
	2,465,647	1,003,112.00
Other payables- levies		
	3,426,757	2,227,810.00
Total		

Aging Analysis for Trade and other Payables

		2024-2025	2023-2024	% of the total
Under one year	Under one year	1,850,449	1,148,084	52%
1-2 years	1-2 years	1,233,633	862,900	38%
2-3 years	2-3 years	205,605	128,650	6%
Over 3 years	Over 3 years	137,070	88,176	4%
Total	Total	3,426,757	2,227,810	

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44. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Customer deposits	-	-
Prepayments by customers	147,260	111,365
Retention/Contract deposits	-	-
Others (Specify)	-	-
Total	147,260	113,365

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025		% of the total	Insert Comparative FY	% of the total
Under one year	147,260		100%	111,365	100%
1-2 years	-		%	-	%
2-3 years	-		%	-	%
Over 3 years	-		%	-	%
Total	147,260			111,365	

45. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
National/County government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

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The deferred income movement is as follows:

	County government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

46. Dividends Payable

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analyzed in annual amount below.

	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional declared during the year	-	-
Paid during the year	-	-
Balance at end of the year	-	-

Dividend Payable analysis

	2024-2025	% of the total	Insert Comparative FY	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

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47. Taxation

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

[Provide short appropriate explanations as necessary]

48. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(2,437,150.73)	(51,092.34)
Depreciation	764,893.00	677,443.38
Amortization-grants	-	(781,081)
(Gain)/loss on disposal of property, plant and equipment	-	-
Operating profit/(loss) before working capital changes	(1,672,257.28)	(154,729.96)
Working capital changes:		
(Increase)/decrease in inventories	-	(1,349,588.96)
(Increase)/decrease in trade and other receivables	(432,886)	(565,936)
Increase/(decrease) in trade and other payables	1,234,842	962,470
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/ (used in) operation	(870,301.28)	(1,107,784.08)
(b) Analysis of changes in loans		
Balance at beginning of the year	2,280,553.92	3,388,338.00
Receipts during the year	13,963,796	13,860,057.00
Repayments during the year	15,636,053.5	12,103,372.32
Repayments of previous year's accrued interest	-	-
Foreign exchange (gains)/losses	-	-
Accrued interest	-	-

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	2024-2025	2023-2024
	Kshs	Kshs
(b) Analysis of changes in loans		
Balance at beginning of the year	2,280,553.92	3,388,338.00
Receipts during the year	13,963,796	13,860,057.00
Repayments during the year	15,636,053.5	12,103,372.32
Repayments of previous year's accrued interest	-	-
Foreign exchange (gains)/losses	-	-
Accrued interest	-	-
Balance at end of the year	1,410,252.60	2,280,553.92
(c) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	1,401,352.60	2,270,653.10
Cash in hand	8,900.00	9,901.00
Balance at end of the year	1,410,252.60	2,280,554.10
(d) Analysis of interest paid		
Interest on loans	-	-
Interest on bank overdraft	-	-
Interest on lease liabilities	-	-
Interest on loans capitalised	-	-
Balance at beginning of the year	-	-
Balance at end of the year (note 35(b))	-	-
Interest paid	-	-
(e) Analysis of dividend paid		
Balance at beginning of the year	-	-
20xx dividends paid	-	-
20xx dividends paid	-	-
20xx interim dividends paid	-	-
Balance at end of the year	-	-
Dividend paid	-	-

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Notes to the financial statements (continued)

Other Disclosures

49. Related Party Disclosures

County Government of Kirinyaga

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

Other related parties include:

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

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Interest income from Govt Commercial Banks	-	-
Interest income from T-bills and Bonds	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-

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	2024-2025	2023-2024
	Kshs	Kshs
Bank charges paid to Govt Commercial banks	-	-
Interest expense to investments by other govt. entities	-	-
Others (specify)	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt Agencies	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	1,264,550	424,620
Compensation to key management	1,279,582	1,144,800
Total	2,544,132	1,569,420

50. Capital Commitments

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

	2024-2025	2023-2024
	Kshs	Kshs
Amounts authorised and contracted for	-	-
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	-	-
	-	-

[Provide short appropriate explanations as necessary]

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51. Contingent Assets and Liabilities

Contingent Assets

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

Contingent Liabilities

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

52. Financial Risk Management

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

Notes to the financial statements (continued)

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(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024(previous Year)				
Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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any potentially irrecoverable amounts. The company has no significant concentration of credit risk on amounts due.

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June current year				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June previous year				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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	-	-	-
Cash	-	-	-
Debtors	-	-	-

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Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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.

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

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.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2025 Current FY			
Euro	10%	-	-
USD	10%	-	-
2024 Previous FY			
Euro	10%	-	-
USD	10%	-	-

c) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

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

- i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.**
- ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).**

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- 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 20xx Current FY	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
At 30 June 20xx Previous FY				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

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

53. Incorporation

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

54. Events After the Reporting Period

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

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.

REF: CEN/HUB/W/ RUKANGA WATER/15G	Progress on Follow-up of Prior Year Audit Matters	The management has embraced transformative approach for progressively addressing them over time with prudent management of constrained resources.	In Progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Lack of Strategic Plan	The management is recognition of the importance of strategic management plan in an organization and hence it's working on it as prescribed by Public Finance Management Act 2012.	In Progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Budgetary Control and Performance	The management acknowledged deficiencies in budget making process in the past and hence have deployed more robust mechanism as well as formulating procurement policy and processes to enable have a realistic budget. The management will also introduce supplementary budget to accommodate unforeseen factors within the operations.	In progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Understated Property, Plant and Equipment	The three parcels of land not valued and not included in the financial statement were donated by County Government of Kirinyaga which Management have applied for their title deed.	In progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Expired tariff structure	Ruwasco was issued with new tariff structure which was rejected by customers hence suspended its implementation. The management however have applied for a new cost recovery tariff with WASREB,	In progress

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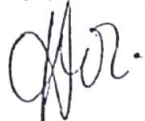
		which is under review.	
REF: CEN/HUB/W/ RUKANGA WATER/15G	Non-compliance with the law on Ethnic composition	The management acknowledges the concern from Auditor General which attributes to the company formation as community project and majority of its staff were on voluntary basis which with the growth of the company they were absorbed in the system The management has implemented Human Resources and Development policy which provides progressive realization with the provisions of article 27(8) of the constitutions of Kenya, 2010.	In progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Non-Adherence with the Law on Gender Requirement	The management has implemented a Human Resources and Development policy which provides progressive realization with the provisions of article 27(8) of the constitutions of Kenya, 2010	In progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Lack of internal audit function	We acknowledge the importance of internal audit function and the board of management have established the audit committee within the board to give an assurance and advisory services as well as oversight on the financial operations of the company. We further note the company is operating under financial constrain hence not in capacity to employ an internal auditor.	In progress
REF: CEN/HUB/W/ RUKANGA WATER/15G	Lack of ICT function, ICT steering committee, ICT strategic plan	The management recognizes the importance of ICT framework however due to financial & budget constrain in an organization and hence its implementation plan is gradual scale as prescribed by Public Finance Management Act 2012 and enable the company conform with medium term fiscal framework and financial objectives of the company	In progress

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REF: CEN/HUB/W/ RUKANGA WATER/ISG	Lack of Enterprise Resource Planning (ERP)	The management recognizes the importance of ERP framework however due to financial & budget constrain in an organization and hence its implementation plan is gradual scale as prescribed by Public Finance Management Act 2012 and enable the company conform with medium term fiscal framework and financial objectives of the company	In progress	
REF: CEN/HUB/W/ RUKANGA WATER/ISG	Untagged Asset	The management recognizes the importance of Asset Tagging framework however due to financial & budget constrain in an organization and hence its implementation plan is gradual scale as prescribed by Public Finance Management Act 2012 and enable the company conform with medium term fiscal framework and financial objectives of the company	In progress	

Guidance Notes:

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

Name **DAVID NJOROGE**
 Signature 
 Managing Director
 Date... **28/10/2025**

**RUKANGA WATER & SANITATION
 CO. LTD.
 P. O. Box 311 - 10230,
 SAGANA-KENYA
 TEL:.....**

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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						
2						

Status of Projects completion

(Summarise the status of project completion at the end of the reporting period, i.e., total costs incurred, stage which the project is etc.)

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

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Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

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

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

Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting Disaster Management Expenditure

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

(Attach forms from each transferring Government entity.)

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Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-
Ministry/County Department of water.	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Water Trust Fund .	30 TH JUNE	Development	-	-	-	4,589,200	-	-	-
			-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-