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ON

OLKEJUADO WATER AND SEWERAGE
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

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OLKEJUADO WATER & SEWERAGE CO. LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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

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1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
WSTF	Water Sector Trust Fund
OWASCO	Olkejuado Water & Sewerage Company Ltd
WRA	Water Resources Authority
CECM	County Executive Committee Member

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2. Key Entity Information

Background information

The Olkejuado Water & sewerage company Ltd was established by the 2002 Act of Parliament on 27th June, 2006. At County level, the Company is represented by the County Executive Member responsible for water, Environment, Natural Resource and Climatic Change, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and has Schemes in Kajiado, Ilbissil, Kitengla ,Isinya, and Konza Towns.

Principal Activities

The principal activity of the company is provision of water services. The company is fully operational as envisaged in our **VISION** “To be the leading water services provider of adequate, potable and affordable water and sewerage services in the country” and **MISSION** “Commitment to provide adequate, water and sewerage services through efficient and effective development of appropriate infrastructure in an environmental friendly manner within OWASCO’S area of jurisdiction”.

The Company’s (OWASCO) **OBJECTIVES** are to carry on business of Water and Sewerage Services within the towns of Ilbissil, Isinya, Konza Kitengela and Kajiado Township and the environs and to manage the assets leased to the company by the County Government. The Company’s (OWASCO) exercises overall control over the water sources and supply of water in particular, conserving, redistributing and augmenting those water resources.

Directors

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

Name	Designation	
1. Michael Semera	County Representative	Appointed 26 th April , 2023
2. Kerika Ole Ndere	County Representative	Appointed 26 th April , 2023
3. Andrew Mwesha	Member	Appointed 26 th April , 2023
4. Rhoda Letura	Chairperson	Appointed 26 th April , 2023
5. Dennis Letayo	Member	Appointed 2 nd February, 2025
6. Julius Paita	Managing Director	1 st September , 2020

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Key entity information (Continued)

Registered Office

Sub- County Water Office Block
Along Kajiado - Namanga Road
Next to Kajiado Police Station
Kajiado -Kenya

Corporate Headquarters

P.O. BOX.350-01100
Sub- County Water Office Block
Along Kajiado-Namanga Road
Next to Kajiado Police Station
Kajiado-Kenya

Corporate Contacts

Telephone: (254)21270
E-mail: owasco2010@gmail.com

Corporate Bankers

Co-operative Bank of Kenya
P.O. Box 454-01100
Kajiado- Kenya

Kenya Commercial Bank
P.O Box 80-01100
Kajiado- Kenya

Independent Auditors

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

Principal Legal Advisers



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

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3. The Board of Directors

Directors	Details
<p>Chairperson</p>  <p>Rodha Letura</p>	<p>AGE -38 Years old</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATION Masters' in MBA and MED</p> <p>WORK EXPERINCE 13 years as Professional Teacher</p> <p>STATUS Independent Director</p> <p>COMMITTTEE MEMBER Audit Committee</p>
<p>Director 2</p>  <p>Andrew Mwesha</p>	<p>AGE -25 Years old</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATION -Diploma in Diplomacy& international Relations -Diploma- Project Management</p> <p>WORK EXPERINCE Director-Youth and Special Interest Group</p> <p>STATUS Independent Director</p> <p>COMMITTTEE MEMBER Chairman-Finance & Administration Committee</p>

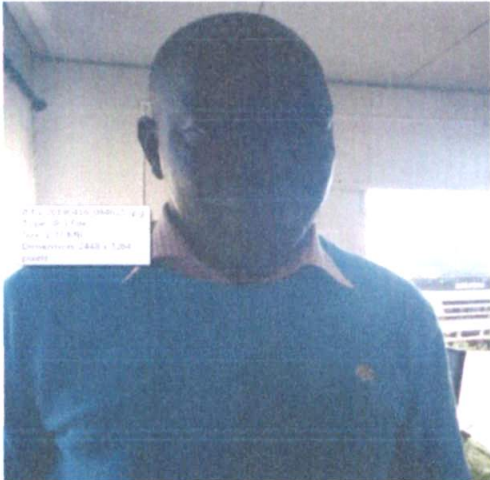
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<p>Director 3</p>  <p>Kerika Ole Ndere</p>	<p>AGE -56 Years old</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATION -MBA-Finance -B-COM(Hon) -CPA-(K) -Member of ICPAK-No 23763</p> <p>WORK EXPERINCE -Finance Manager -ESDA) -Finance Manager –KWTA Accountant General/Director-Accounting services –County Government of Kajiado</p> <p>STATUS Independent Director</p> <p>COMMITTTEE MEMBER Member–Finance and Administration Committee</p>
<p>Director 4</p> 	<p>AGE -55 Years old</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATION -BSC Degree -Certificate in Banking</p> <p>WORK EXPERINCE 2017 to date -8 years working as CECM-in County Government Of Kajiado -18 years working Banking sector</p> <p>STATUS Independent Director</p> <p>COMMITTTEE MEMBER Member –Technical Committee</p>

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<p>Director 5</p>  <p>Dennis Letayo</p>	<p>AGE -29 Years old</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATION -Diploma in Diplomacy & international Relations -Diploma- Project Management</p> <p>WORK EXPERINCE Director-Youth and Special Interest Group</p> <p>STATUS Independent Director</p> <p>COMMITTTEE MEMBER Chairman-& Audit Committee</p>
<p>Ag.Managing Director</p>  <p>Peter Juma Aliero</p>	<p>AGE -64 Years old</p> <p>ACADEMIC/PROFESSIONAL QUALIFICATION -Diploma in Water Engineering -Degree in Water in Water Engineering</p> <p>WORK EXPERINCE - over 40 Years working experience</p> <p>STATUS Executive Director</p> <p>ROLE Secretary to the board</p> <p>MEMBER OF PROFESSIONAL BODY N/A</p>

4. Key Management Team

Managers	Details
<p>Ag. Managing Director</p>  <p>Peter Juma Aliero</p>	<p>Duties and responsibilities</p> <ul style="list-style-type: none"> - Heading the management team of the Company and be responsible for the day to day operations of the Company. - Keeping the board informed on Performance and implement board resolutions. - Providing leadership in the development and implementation of the Company's strategic plans to enhance profitability and shareholder value. - Ensuring effective mobilization and utilization of resources. - Cultivating and encouraging a productivity culture of results in the Company. - Establishing, directing and managing the Company's managerial, financial and operational systems, procedures and controls to ensure that they are professional, workable and sustainable. - Providing strategic direction on new investments, business opportunities and change initiatives. - Promoting sound corporate governance and ethical standards. <p>corporate image</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> - Diploma in Water Engineering -Diploma in Water in Water Engineering

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Accountant



Abner Sindani Nyagwanga

Duties and responsibilities

- Reviews financial and accounting policies and procedures of the Company and advises the management accordingly
- Ensuring compliance with finance and accounting standards and regulations
- Participating in the preparation of budgets and implementation and controls as per approved levels.
- Ensuring timely preparation and presentation of financial reports to the Management for presentations to the Board of Directors as per approved policy.
- Attending to queries raised in the audit reports
- Ensuring that cash books are well maintained and bank re-conciliations for all the accounts are done on time.
- Ensuring that payments to staff and suppliers are processed within the stipulated time.
- Preparation of timely monthly management reports and financial reports
- Ensure timely submission of financial statements and Audit file to the Auditor General for audit.
- Performance of any other duty assigned by the Managing Director

Key Qualifications

- B-COM – (Finance)
- CPA (K)


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<p>Procurement Officer</p>  <p>Virginia Sabaya</p>	<p>Duties and Responsibilities</p> <ul style="list-style-type: none"> - Preparing, publishing and distributing procurement and disposal opportunities including invitations to tender, pre-qualification documents and invitations for expression of interest. - To coordinating the receiving and opening of submitted tender documents. - Maintaining and safeguarding procurement and disposal documents and records in accordance with the public procurement and disposal regulations 2006. - Seeking approvals from the Tender committee of procurement committee as prescribed in the public procurement and disposal Act 2005. - Co-coordinating the evaluation of tenders, quotations and proposals. - Preparing and publishing notices for award and tender acceptance, preparing contract documents, preparing and issuing rejection and debriefing letters, preparing contract variations and modifications to documents as need may arise. - Preparing consolidated procurement or disposal plans and advising the aggregation of procurement to promoting economies of scale. <p>Coordinating internal monitoring and evaluating of supply chain function, carrying out periodic market surveys, conduct periodic and annual stock taking, certifying invoices and payment to suppliers.</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> - B.CoM- (procurement & Logistics) - Diploma in Supplies Management - Certificate in Supplies.
<p>Human Resource Officer</p>	<p>Duties and Responsibilities</p> <ul style="list-style-type: none"> - Recruiting, training and developing staff - Making sure that staff get paid correctly and on time

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 <p>Veronicah Ntosh</p>	<ul style="list-style-type: none"> - Pensions and benefits administration - Approving job descriptions and advertisements - Looking after the health, safety and welfare of all employees - Organizing staff training sessions and activities - Monitoring staff performance and attendance - Advising line managers and other employees on employment law and the employer's own employment policies and procedures - Ensuring candidates have the right to work at the organization - Negotiating salaries, contracts, working conditions or redundancy packages with staff and representatives. <p>Key Qualifications</p> <ul style="list-style-type: none"> - Diploma in Human Resource Management - Bachelor in Procurement
<p>Technical manager</p>  <p>Stephen Kuntayo</p>	<p>Duties and Responsibilities</p> <ul style="list-style-type: none"> - Ensure improvement and maintenance of current sources of water - Routine maintenance of civil works, mechanical and electrical equipment - Ensuring regular and reliable water service delivery consistent with available water resources. - Investigate new water sources and liaison with WSB, to develop those sources to improve service delivery. - Developing and improving strategies for effective service delivery. - Undertaking regular maintenance of service delivery infrastructure to minimize water losses. - Capital management program - Water demand management. - Preparation of departmental work plan - Attainment of service and quality standards defined.

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	<p>Key Qualifications</p> <ul style="list-style-type: none"> - Diploma in Water Engineering
<p>Commercial Manager</p>  <p>Maureen Macharia</p>	<p>Duties and Responsibilities</p> <ul style="list-style-type: none"> • Responsible for the overall supervision to ensure proper functioning of the commercial department and personnel deployed into the department while ensuring that duties are carried out in accordance with the company's policies and strategic objectives. • Development and implementation of the departmental policies • Ensure the revenue collection policies and guidelines of the company are understood and adhered to. • Supervise, train and develop all staff working under the department • Timely and accurate billing and revenue collection • Promote and maintain healthy customer relations • Review billing reports • Analyse all accounts and put strategies of collecting overdue debts • Performance of any other duty assigned by the Managing Director <p>Key Qualifications</p> <ul style="list-style-type: none"> - Diploma in Information Technology(ICT)

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5. Chairperson's Statement

On behalf of the Company, I am encouraged by the integrity, responsiveness and sheer determination of the Directors, Management and employees which has been key in meeting water services needs within our area of jurisdiction despite the various challenges faced, it is therefore, with great pleasure that I present the annual Reports Financial Statement of the year ended 30th June 2025.

The company's mission is to provide water and waste water services that are economically viable, environmentally friendly, socially responsible and responsive to customer needs and expectations. This in its self is a major challenge but which I want to assure you that the company is capable of achieving.

We have faced challenges of water demand exceeding the available water supply, aged and dilapidated reticulation system, limitation of the pipeline coverage, water losses and increased costs which outstretch the available revenues. Some of these challenges have been addressed through internally generated resources and Government of Kenya through the Ministry of Water and Irrigation and its agencies, for example the Water Services Trust Fund.

The limited expansion of the OWASCO's pipe network and facilities to support the increasing demand has gone a long way to build on customer confidence and satisfaction. Over the years we have intensified implementation of system expansion, reinforcement and upgrade projects aimed at improving the reliability of water supply, reducing system losses and creating capacity for new customer connections and extension of service coverage.

It is clear that the future will be equally as challenging as the past in consideration of the rapid urbanization within our area of service. The Company is therefore committed on the insistence on good governance to overcome the inevitable challenges. The Board shall continue to transform the OWASCO into a dynamic, pro-active, and consumer conscious organization so as to prevail over existing and emerging challenges and attain its vision "To be the industry leader and water service provider of choice".

Finally, I am humbled to sincerely express my gratitude and appreciation to all shareholders, our esteemed customers, my fellow Directors, the Management team, staff, Government of Kenya, investment partners, and our valued suppliers for their continued support which has contributed to achieving our mandate as a water service provider.

Thank you



Rhoda Ietura
Chairperson

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6. Report of the Managing Director

I am pleased to present the Annual Report and Financial Statements of OWASCO for the year ended 30th June 2025. This will be 19th annual report and financial statements for the OWASCO and demonstrates how far we have come.

Financial Review

During the year the Company made a loss of Kshs. 19,419,761 compared to loss of kshs.21, 734,787 during the last year.

Service delivery

During the year, as envisaged in one of our core values of customer focus, OWASCO continued to maintain satisfactory levels in service delivery. The water produced was distributed to customers equitably through a rationing programme.

OWASCO has however faced many challenges that include infrastructure and facilities support due to low revenue collection and funding. These are being addressed through other mechanisms that include partnerships with County Government, National Government and other Development Partners.

Business development

During the period under review, the company continued to solidify its partnership with Water Services Trust Fund by qualifying for funds to improve services in low income areas.

Appreciation

I would like to appreciate all our stakeholders, more so the County Government of Kajiado and Development partners for the solid commitment and support during the year 2024/2025 mostly y for the funding of Kajiado Water project. To our esteemed Customers, thank you for your loyalty and support. It is through the hard work and dedicated effort of the County Government and Management that we are now able to celebrate together our achievements for 2023/2024 financial year Therefore, to the management and staff at OWASCO, let us practice our core values of Customer focus, Professionalism, Teamwork, Integrity, Innovation and Creativity so as to make a difference in our country.

We hope for continued cooperation from all the stakeholders in the coming years.



Peter Juma Aliefo

Ag. Managing Director

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

Olkejuado Water & Sewerage Co. Ltd has 6 strategic pillars/issues and objectives within the old Strategic Plan for the FY 2024- FY2025. These strategic pillars/issues are as follows:

A Infrastructural Expansion and Optimization

One of the key objectives of the Water Act is to ensure easy accessibility to water services. To offer better services, there is need for the Company to widen the geographical coverage, rehabilitate the existing network, increase water supply and increase the number of connections. There is also need for the company to reactivate the inactive connections as well as metering all consumers. Further, the company requires measures to reduce the unaccounted for water.

B Revenue Collection

A major challenge for OWASCO is how to increase the current collection to billings ratio. The company is undertaking debtor's valuation and arrangements have been made to facilitate debtor payments through part payment. OWASCO is required to establish an effective debtors' management system.

C Quality of Customer Service

The success of OWASCO will depend on the level of customer satisfaction and confidence in the services provided.

D Human Resource Management

For efficient and effective service delivery, OWASCO requires qualified and well-motivated employees.

E Organization Structure Review and Culture Change

An organization structure depicts the reporting relationship within the organization. Arising from the requirements of the reforms in the water sector and the need to be more responsive to the customers, there is need for a new organization structure for the company. Analysis of the OWASCO activities identified the need to implement a structure that is responsive to the customers' needs and expectations. The focus of the new structure should be based on the core functions of the company. The proposed new structure and staffing levels is discussed in chapter five. The new structure necessitates the need for OWASCO to build additional capacity that will enhance efficiency and effectiveness in its operations. OWASCO should design an

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intensive culture change programme to develop a culture that will contribute to effective and efficient performance.

F .Systems Change

Commercialization principles require OWASCO to be operationally and financially sustainable. To achieve this, the company requires development and implementation of supportive systems. Among the systems to be deployed include financial management system, billing query window, and efficient and effective connection/reconnection systems.

Objective 1: To supply reliable, sustainable quality and affordable water

Strategy	Proposed actions	Implementing actors	Expected output(s)	Output(s) indicator(s)
Rehabilitate the non-functioning infrastructure	Clean the clogged pipes	TM	Well maintained water network	Incidences of clogging
	Repair the broken pipes Repair water storage tanks	TM	Quality water	Percentage of UFW Increased storage capacity
	Install air valves at Konza and Kajiado	TM/MEWNR/CGK		
	Perform regular water testing	TM/MEWNR/CGK		No. of tests performed
Expand coverage to the entire company area of jurisdiction	Complete the construction of the new Borehole (Bissil Olosoyan)	MD/MEWNR	Increased water supply	New borehole in place
	Extend water coverage to all areas especially Eldamat, Dalalakutu and Majengo	MD/CGK/MEWNR	Availability of reliable water supply in the affected areas	New connections in place No. of reactivated connections
	Carry out customer survey and mapping	MD	Metered connections	Mapping report
	Double the number of meters for the next three years	TM/CM/MD	Reduced misuse of water Reduced misuse of water	New customers connected Number of metered connections
	Remove all illegal connections	MD/TM/CM	Increased revenue Availability of reliable water supply data	Amount of UFW Number of new/reactivated connections No. of illegal connections Amount of UFW Number of bulk meters installed

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Objective 2: To enhance revenue collection

Strategy	Proposed actions	Implementing actors	Expected output(s)	Output(s) indicator(s)
Ensure accuracy of bills issued	Develop meter reading programme	TM/CM	Accurate and timely meter readings	Operational meter reading programme
	Train meter readers	HRM	Accurate and timely bills issued	Accuracy and timeliness of bills issued and received by the customers
	Ensure accurate data capture	CM	..	..
Increase revenue collection ratio	Avail more payment points for customers who are far from the current paying offices/points.	MD/CM	Timely payment of bills	Number of additional payment points in place
	Design and implement an efficient bills distribution system	MD/CM	Timely distribution of bills	No. of bills distributed on time Reduced cases of non-availability of bills
	Design a system of dealing with non-payment of bills	MD/CM	Reduced non-payment of bills	Increase in revenue collection Debtors days
Ensure payment for water supplied and sewerage services provided	Enter into a contractual agreement with the customers	MD/CGK	Increased revenues	Contractual agreement in place
Enhance payment of debts	Carry out a review and valuation of debtors accounts	CM/MD	Accurate debtors' figures	Debtors valuation report
	Enter into payment agreements with current debtors	MD/CM	Reduced customer complaints Payment of debts	Payment agreements in place Amounts of debts paid

Objective 4: To attract, develop and retain highly skilled and motivated staff

Strategy	Proposed actions	Implementing actors	Resource requirements (Kshs)	Time frame	Expected output(s)	Output(s) indicator(s)
Strengthen staff skills	Undertake Training Needs Assessment (TNA)	HRO	O & M	Immediate and continuous	Improved performance	Report on training needs
	Prepare a training programme	..	..		..	Training programme in place
	Undertake the training	HRO/CGK	..	..	..	Skilled personnel in place

Enhance staff motivation	Develop scheme of service for all employees	HRO	-	2014	Motivated staff	Schemes of service
	Implement scheme of service for all employees	..	-	..	..	Operational scheme of service in place
	Review and harmonize staff remuneration	..	-	Immediate	Proper performance appraisal	Harmonized salary structure
	Develop and implement a system of appraisal	..	-	2014	Motivated staff	Appraisal system established
	..	..	-	..	Motivated staff	Staff welfare programme in place
	Establish staff welfare association	..	-	..	Informed decision	Working tools/uniforms acquired
	..	..	-	..	..	No. of staff involved in decision making
	..	..	O & M	Immediate	Adherence to policies and procedures	Quality of decisions
	..	HRO/ Procurement officer	-	Immediate	..	Policies and procedures manual in place

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Strategy	Proposed actions	Implementing actors	Resource requirements (Kshs)	Time frame	Expected output(s)	Output(s) indicator(s)
	Provide employees with the needed working tools, for example gumboots	MD/HRO MD/HRO/TM		..		
Promote gender mainstreaming	Develop appropriate recruitment policies	MD/HRO	-	..	Motivated staff	Gender equality
Enhance the culture of openness, accountability and transparency within company	Terminate services for those who engage in corrupt practices	HRO/MD	-	Immediate	Reduced corruption cases	Number of corruption cases reported
	Establish internal controls to detect corrupt tendencies	CM/MD	-	..	Ethical practices within the company	Number of corruption cases detected
Strengthen HIV/AIDS awareness, prevention and management	Conduct sensitization and training seminars	HRO/MD	O & M	Continuous	Awareness and control of HIV/AIDS	Number of seminars held
	Provision and distribution of preventive materials	..	-	Immediate & continuous	Reduced effects of HIV/AIDS	Percentages of staff/stakeholders infected/affected by HIV/AIDS
	Provision of medical and counselling service	..				No of people trained Quantities of preventive materials distributed Services provided

Objective 4: To attract, develop and retain highly skilled and motivated staff

Strategy	Proposed actions	Implementing actors	Resource requirements (Kshs)	Time frame	Expected output(s)	Output(s) indicator(s)
Strengthen staff skills	Undertake Training Needs Assessment (TNA)	HRO	O & M	Immediate and continuous	Improved performance	Report on training needs
	Prepare a training programme	..	..			Training programme in place
	Undertake the training	HRO/CGK	..		..	Skilled personnel in place
Enhance staff motivation	Develop scheme of service for all employees	HRO	-	2014	Motivated staff	Schemes of service
	Implement scheme of service for all employees	..	-	..	..	Operational scheme of service in place
	Review and harmonize staff remuneration	..	-	Immediate	Proper performance appraisal	Harmonized salary structure
	Develop and implement a system of appraisal	..	-	2014	Motivated staff	Appraisal system established
	Establish staff welfare association	..	-	..	Motivated staff	Staff welfare programme in place
	Provide employees with the needed working tools, for example gumboots	..	-	..	Motivated staff	Working tools/uniforms acquired
Promote gender mainstreaming	Develop appropriate recruitment policies	MD/HRO	-	..	Motivated staff	Gender equality
	Terminate services for those who engage in corrupt practices	HRO/MD	-	Immediate	Reduced corruption cases	Number of corruption cases reported
	Establish internal controls to detect corrupt tendencies	CM/MD	-	..	Ethical practices within the company	Number of corruption cases detected

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Strategy	Proposed actions	Implementing actors	Resource requirements (Kshs)	Time frame	Expected output(s)	Output(s) indicator(s)
Strengthen HIV/AIDS awareness, prevention and management	Conduct sensitization and training seminars Provision and distribution of preventive materials Provision of medical and counselling service	HRO/MD	O & M -	Continuous Immediate & continu	Awareness and control of HIV/AIDS Reduced effects of HIV/AIDS	Number of seminars held Percentages of staff/stakeholders infected/affected by HIV/AIDS No of people trained Quantities of preventive materials distributed Services provided

Objective 5: To undertake organizational structure and culture change

Strategy	Proposed actions	Implementing actors	Resource requirements (Kshs)	Time frame	Expected output(s)	Output(s) indicator(s)
Review the organization structure	Review the core functions of the company. Review current organizational structure Design a responsive organization structure Implement the new organizational structure	MD/TM/HRO/CM	- - - -	Immediate	Efficient delivery of services .	Reviewed core functions Review report New organization structure Operational structure in place
Align staff levels with the recommended organization structure	Carry out a job analysis exercise Carry out a detailed manpower and skills audit Recruit required personnel Develop a grading system	HRO MD/HRO .. HRO	- - - -	Immediate	Clear duties and responsibilities for each job Identification of existing gaps	Job descriptions and specifications Manpower and skills audit report Optimal staffing level in place Grading system in place
Create a supportive work environment and culture	Develop clear HR and administrative policies and procedures Design and implement culture change programmes Develop code of ethics for the company Develop an internal job rotation program Develop work operations manual	HRO MD/HRO MD/HRO/CM/CM .. TM	- - - -	Immediate Immediate .. Continuous Immediate	Improved performance Improved performance Ethical practices Motivated staff Correct and systematic operations	HR policies and procedures manuals No. of culture change programmes implemented Code of ethics document Multi-skilled staff No. of corruption cases Operations manuals developed
Monitoring and evaluation of service delivery in all zones	Develop policy guidelines on monitoring and evaluation	TM/CM	-	Continuous	Efficient service delivery	Monitoring and evaluation mechanisms in place

Objective 6: To carry out systems change

Strategy	Proposed actions	Implementing actors	Resource requirements (Kshs)	Time frame	Expected output(s)	Output(s) indicator(s)
Develop/improve systems to support new structure	Carry out systems review Incorporate appropriate system changes Train staff on new systems	MD/TM/CM/HRO TM .. HRO	O & M	2014	Efficient delivery of services .. Improved performance	Systems review report Efficient systems in place Trained and Knowledgeable staff

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Establish reporting and query system	Implement an effective billing query system Design & implement a Knowledge and management reporting system	MD/CM MD/FM/CM	O & M ..	Immediate 2014	Timely access to billing details Availability of quality information covering assets, HR, finances, procurement	Time taken to resolve customer billing queries System in place
Establish a financial management system	Design a financial control system Implement a sound credit control system Establish policies on payment to suppliers	MD/FM/CM C.M/FM CM/FM	O & M	Immediate	Adequate financial control Bills paid within the credit limit Timely payments to suppliers	Control system in place Levels of debtors Levels of liabilities

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

8. Corporate Governance Statement

The Board of Directors of OWASCO is responsible for the overall management of the Company and is committed to ensuring that its business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance.

In the recent years' various recommendations have been made in several legal and professional publications in an attempt to determine the most appropriate way for companies to be structured to achieve the highest standards of corporate governance. The Board is committed to full compliance of all the relevant laws including the Guidelines on Corporate Governance issued by the Regulator, WASREB

The Corporate Governance of OWASCO takes place within a framework, which exists to regulate and/or guide the conduct of Board members, staff, customers and members of public in assessing the Company's facilities and services. The objective of the framework is to provide for the effective, ethical and accountable governance and management of the Company. The key instruments within the governance framework are:

- The Kenya Constitution
- The Water Act 2016
- The Public Financial Management Act (2012)
- The Public Procurement and Disposal Regulations (2015)
- The OWASCO Service Charter
- Company approved policies and procedures

For the sake of coherence and legitimacy, it was in the best interest of the Company that its conduct be regulated by the most appropriate type of governance instrument.

The Board of Directors

The Company Board of Directors are appointed in accordance with section 69 of the Company's Articles of Association

The Board of Directors are responsible for the following: -

- Implementation of Memorandum and Articles of Association
- Provision of guidelines and control function of the Company
- Approval of the organisation structure and maintenance of staff terms and conditions of service
- Approval of business plans and budgets
- Provision of management guidelines
- Approval of major contracts/projects
- Approval of tariff adjustment

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

CORPORATE GOVERNANCE STATEMENT (Continued)

- Prudent investment of funds to ensure continuity of service
- Appointment of Corporate Management Team

The Board is responsible for drawing and implementing strategies for the long term success of the company as well as carrying out the fiduciary duty of monitoring and overseeing the activities of management. The Board meets regularly and has a formal schedule of meetings to discuss matters reserved for its decision with a view of determining and reviewing the strategies of the Company and overseeing the Companies compliance with statutory and regulatory obligations.

Notices and agenda for all Board meetings are circulated to all Directors on a timely basis together with the respective documents for discussion.

Composition of the Board

The Board is composed of 6 non-executive Directors including an independent Chairman and one executive director who is also the Managing Director. The Directors represent various stake holding. They have a wide range of skills and experience and each contributes independent judgement and knowledge to the Board's discussions.

On appointment, each Director is provided with a comprehensive and tailored induction process covering the Company's business and operations and also provided with information relating to their legal and regulatory obligations.

Board Meetings

The Board meets 6 times in one financial year but during the year board met 3 times.

Board Committees

The Board has constituted 3 committees chaired by one director in each, namely Finance and Administration, Technical; and Audit. Each committee meets 4 times in one financial year.

The Board appoints other committees as and when necessary.

Report of the Directors

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

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

9. Management Discussion and Analysis

During the last three years i.e 2022, 2023 and 2024 the company has been making losses. Also revenue has been dropping due inadequate water supply.

Water sources – The company major sources of water is boreholes. During the financial year 2024/2025

1. The production for Borehole water was low due to low yield /frequent power disconnection and Borehole breakdown.
2. Regular Tariff – The Company has been operating under ETA but Wasreb has approved the regular tariff that the company has started implementing as from July 2025

In view of the above reasons, achievement of our projected revenue growth has not been very successful leading to under achieving our targets.

Under achievement of revenue targets has equally led to low budget absorption due to unavailability of adequate resources to expend.

The company has been able to comply with statutory requirements which are set out in various Acts and guidelines.

The company operating under 2013 -2017 business plan and is on process of developing of another one for 2024-2027

This business plan would therefore;

1. Enable Owasco to creatively respond to the changing social and economic environment
2. Enable Owasco identify its core activity in light of the environmental factors and internal capacities.
3. Implement growth and sustainability strategy
4. Provide clear objectives and direction to members of staff

The company has implemented Kajiado Water project and at the same time the county Government has drilled two no boreholes and solarised various boreholes to reduce cost of production. This will enable us to adequately serve our customers and grow our revenue base.

Operational and Financial performance

During the year the company did not perform well because of low revenue collections caused by inadequate supply of water

10. Environmental and Sustainability Reporting

i. Sustainability strategy and profile

Olkejuado Water and Sewerage Company recognize that we must be responsible towards its stakeholders, society and our environment in order to achieve a sustainable system in Kenya. As a Company we acknowledge our responsibility to the environment and to our local communities in which we operate. We aim to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including customers, employees, investors, communities and others. The Company actively encourages our staff to recognise those responsibilities and behave in a responsible manner toward the society in which we function. We regard the setting of good examples as an important practice in this regard. Below are some examples of how the Company and its staff have shown commitment to practice responsible corporate behaviour and to establish and support initiatives in the offices.

ii. Environment Performance

The Company seek to contribute to a cleaner environment and hence involved in community exercises which include clean up exercises especially in towns within its area jurisdiction and by so doing reduces impact on the environmental pollution. The company also actively gets involved in tree planting in its various Stations. The company also contributes to the society by giving donations especially during public national holidays.

iii. Employees Welfare

The success of the company is based on its people. The Company seek to recruit, retain, reward and develop the best talent in the company. It recognises the need to inculcate among our employees the culture of being sensitive to safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with. It train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity. Further, it continually seeks to improve its employees through structured programs for personal and professional development.

Iv Health and Safety

The Company aim to ensure a safe and healthy working environment for all our employees and customers. The Company aims to comply with all relevant legislation or regulations and best practice guidelines recommended by national health and safety authorities. It also liaises with staff regarding policies and practices so that it can continue to maintain a healthy, safe and enjoyable work environment.

Olkejuado Water & Sewerage Company Ltd
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 for the year ended June 30, 2025

By Order of the Board



.....
Name **ALZERO P OUMA**
Ag. Managing Director

Date: **18/11/2025**.....

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

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the company's affairs.

i) Principal activities

The principal activities of Olkejuado Water and Sewerage Company are to provide safe and reliable water services to customers.

ii) Results

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

	2024/2025	2023/2024
	Kshs.	Kshs
Profit/ (Loss) for the year	(19,419,761)	(21,734,787)

iii) Dividends

The company has not declared dividends for the year ended 30th June, 2025 due to low revenue collection and accumulated losses.

iv) Directors

The members of the Board of Directors who served during the year are shown on page vi-ix In accordance with Regulation 69 of the company's Articles of Association.

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, -Water Act 2016 require the Directors to prepare financial statements in respect of the company, which give a true and fair view of the state of affairs of the Company at the end of the financial year and the operating results of the Company for that year. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

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

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

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

Statement of Directors' Responsibilities (Continued)

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

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

During the year the company reported a negative working capital of kshs. 75,492,861 (kshs 122,943,514-kshs 40,027,459) and losses decreased by kshs.2, 315,026 (kshs. From 21,734,787 to kshs., 19,419,761).

Even if the company has a negative working capital and surplus it still has ability to provide services to the public. The company has new pipeline and proposed new sources that will boost the company in revenue generation. Also the company has put measures to increase in revenue collections

Approval of the financial statements

The company financial statements were approved by the Board on 18/11/25 and signed on its behalf by:



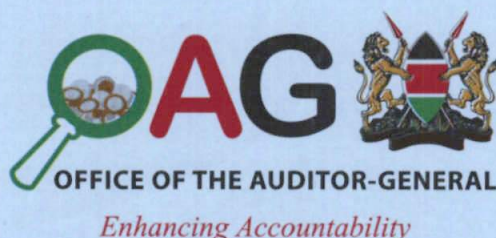
Name RHODA KIPANI
Chairperson of the Board



Name AHERO P. JUMA
Ag. Managing Director

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

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

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Olkejuado Water and Sewerage Company 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 Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.39,556,385 which includes receivables totalling Kshs.36,244,985 which have been outstanding for more than one hundred and eighty (180) days, casting doubt on their recoverability.

In addition, as previously reported the balance also includes un-surrendered imprest balance of Kshs.1,036,444 which have been outstanding for more than one year but were not supported with particulars of imprest holders and the respective amounts. No explanation was provided for failure to recover the imprests from the defaulters.

In the circumstances, the accuracy, recoverability and fair statement of trade and other receivables balance of Kshs.39,556,385 could not be confirmed.

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

Material Uncertainty Related to Going Concern

As previously reported, the statement of profit or loss and other comprehensive income reflects operating loss of Kshs.19,419,761 (2023/2024: Kshs.21,734,787) which raised the Company's accumulated loss to Kshs.103,801,163 (2023/2024: Kshs.82,054,419) as at 30 June, 2025. In addition, the statement of financial position reflects current liabilities balance of Kshs.122,943,514 against current assets balance of Kshs.40,027,459, resulting in a negative working capital of Kshs.82,916,055. If the trend continues into unforeseeable future, the Company might not be able to meet its obligations as and when they fall due.

My opinion is not modified in respect of this matter.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.41,069,946 and Kshs.34,858,633 respectively, resulting to underfunding of Kshs.6,211,313 or approximately 15% of the budget. Similarly, the Company expended Kshs.54,278,394 against actual receipts of Kshs.34,858,633 resulting to over expenditure of Kshs.21,673,336 or approximately 62% of the actual receipts without prior approval.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public. The over expenditure may be a result of poor budgeting.

2. Long Outstanding Trade and Other Payables

As previously reported, the statement of financial position reflects trade and other payables balance of Kshs.116,225,719 as disclosed in Note 24 to the financial statements. Included in the balance are payables totalling Kshs.91,977,076 which have been outstanding for more than three (3). Management did not provide the measures put in place to settle the liabilities.

Failure to settle payables during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Management are responsible for the Other Information set out on pages iii to xxvii 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 an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Remittance of Statutory Deductions

As previously reported, the statement of financial position reflects trade and other payables balance of Kshs.116,225,719 as disclosed in Note 24 to the financial statements. Review of trade and other payables records revealed that the balance includes statutory deductions relating to unremitted deductions for Social Health Authority (SHA), National Social Security Fund (NSSF), Pay As You Earn (PAYE) and Housing Levy of Kshs.1,514,324, Kshs.534,565, Kshs.544,935 and Kshs. 534,565 respectively.

This is contrary to Section 5 and 37(1) of the Income Tax Act (Cap 470) which states that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed.

In the circumstances, the Company is exposed to risks of paying interest and penalties due to unremitted statutory deductions.

3. Failure to Establish Non-Revenue Water (NRW) Unit

As previously reported, review of the Company's records and systems revealed that the Company had not established and permanently embedded in the Organizational Chart a Non-revenue water (NRW) unit to implement non-revenue water reduction measures. This contravenes Paragraph 1.7 of Non-revenue Water Management Standards in Kenya, 2022 which require that there be establishment of NRW unit and coordination with other units.

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

4. Lack of Strategic Plan

As previously reported, review of records and operations revealed that the Company did not have an approved Strategic Plan. Strategic Plan enables the Company to properly align its activities and programmes to County Integrated Development Plan.

In the circumstances, in the absence of a Strategic Plan, the Company lacks direction to guide on its priorities, resulting in disorganization, inconsistent performance, poor use of resources and time management.

5. Unauthorized Borrowing from Customers' Deposits

As previously reported, the statement of financial position reflects customers' deposits and other prepayments balance of Kshs.6,712,711 as disclosed in Note 25 to the financial statements. Review of customers' deposit bank account statement revealed a balance of Kshs.8,105 an indication that Kshs.6,704,606 may have been utilized for other Company's operations. Further, Board approval for the amount borrowed was not provided for audit review. This is contrary to Section 149(1)(a) of the Public Finance Management Act, 2012, which states that an Accounting Officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

- 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 xiv is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 19 and 27 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

Olkejuado Water & Sewerage 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	11,380,470	7,353,005
Government Grant	7	4,582,335	1,400,000
Other Income	8	2,398,894	936,545
Amortized Deferred Income	9	16,496,934	11,561,513
Total Revenue		34,858,633	21,251,063
Expenses			
Staff Costs	10	10,375,754	10,236,926
General and Operations expenses	11	6,034,920	17,309,078
Depreciation And Amortization Expense	12	19,692,615	1,961,073
Maintenance Expenses	13	1,354,170	1,702,860
Board Expense	14	324,000	214,400
Project Expense	15	16,496,934	11,561,513
Total Expenses		54,278,394	42,985,850
Profit/(Loss) Before Taxation		(19,419,761)	(21,734,787)
Income Tax Expense/(Credit)		-	-
Profit/(Loss) After Taxation		(19,419,761)	(21,734,787)


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

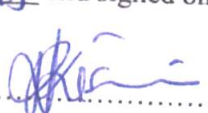
15. Statement of Financial Position as at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	16	169,098,942	135,439,527
Total Non-Current Assets		169,098,942	135,439,527
Current Assets			
Trade and receivable	17	39,556,385	38,207,937
Bank and cash balances	18	43,235	38,593,021
Performance Guarantee	28	427,839	-
Total Current Assets		40,027,459	76,800,958
TOTAL ASSETS		209,126,401	212,240,485
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	21	40	40
Reserve	20	11,412,954	11,412,954
Development Grant	22	178,571,056	158,630,500
Retained earnings		(103,801,163)	(82,054,420)
Capital and Reserves		86,182,887	87,989,074
Current Liabilities			
Trade and other payables	24	116,225,719	113,400,130
Customer Deposits & Other prepayments	25	6,712,711	5,808,059
Bank Over Draft	19	5,084	8,250
Deferred Income Liability	23	-	5,034,972
Total Current Liabilities		122,943,514	124,251,411
TOTAL EQUITY AND LIABILITIES		209,126,409	212,240,485

The financial statements were approved by the Board on 18/11/2025 and signed on its behalf by:


 Name HERO P. OUMA
 Ag. Managing Director


 Name Abner Nyagwaya
 Head of Finance
 ICPAK M/No. 19987


 Name RHODA KISPA
 Chairman of the Board

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

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

	Notes	Ordinary share capital	Reserves	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2023		40	11,412,954	-	(60,319,632)	-	100,861,446	51,954,808
Profit for the year		-	-	-	(21,734,787)	-	-	(21,734,787)
Capital/Development grants received during the year		-	-	-	-	-	60,453,493	60,453,493
Prior year Adjustment – Administrative expense	27	-	-	-	-	-	(2,684,439)	(2,684,439)
As at June 30, 2024		40	11,412,954	-	(82,054,419)	-	158,630,500	87,989,074
As at July 1, 2024		40	11,412,954	-	(82,054,419)	-	158,630,500	87,989,074
Profit for the year		-	-	-	(19,419,761)	-	-	(19,419,761)
Capital/Development grants received during the year		-	-	-	-	-	24,445,040	24,445,040
Prior year Adjustment – Overstated receivable & Performance guarantee expensed	27	-	-	-	(2,326,983)	-	-	(2,326,983)
Project Expense		-	-	-	-	-	(4,504,484)	(4,504,484)
At June 30, 2025		40	11,412,954	-	(103,801,163)	-	178,571,056	86,182,887

Note:

1. The development grant received are for: -

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- a. Mashuru water project,
- b. Kajiado water Project
- c. Saina Majengo Water Project

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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 Revenue		8,860,878	7,353,005
Other Income		1,544,555	936,545
Grants		-	1,400,000
Deferred Income Received		6,942,478	15,317,032
Customer Deposit Received		369,000	177,000
Total Receipts		17,716,911	25,183,582
Payments			
Board Expense		324,000	214,400
Staff Costs		6,371,007	4,439,932
General And Operation Expenses		2,813,596	4,536,022
Maintenance		1,354,170	1,702,860
Project Expense		6,962,595	11,561,513
Total Payments		17,825,368	22,454,727
Net Cash From/(Used In) Operating Activities	26	(108,457)	2,728,855
Cash Flows from Investing Activities			
Development Grant Received		24,445,040	60,453,493
Works –infrastructure		(53,204,709)	(34,614,796)
To project expense		(9,534,340)	
Purchase of Computer		(147,320)	
Net Cash From/(Used In) Investing Activities		(38,441,329)	25,838,697
Cash Flows from Financing Activities			
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash And Cash Equivalents		(38,549,786)	28,567,552
Cash And Cash Equivalents At Beginning Of Year		38,593,021	10,025,469
Cash And Cash Equivalents At End Of The Year		43,235	38,593,021

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

Descriptions	Original budget	Adjustments	Final budget	Actualon comparable basis	Performance difference	% of utilization
	2024-2025 Kshs	2024-2025 Kshs	2024-2025 Kshs	2024-2025 Kshs	Kshs	%
Revenue	22,173,012	-	22,173,012	11,380,470	(10,792,542)	(49)
Operating Revenue	22,173,012	-	22,173,012	4,582,335	4,582,335	0
Government Grant	-	-	-	2,398,894	(1,106)	0
Other Income	2,400,000	-	2,400,000	16,496,934	-	-
Amortized Deferred Income	16,496,934	-	16,496,934	-	-	-
Total Revenue	41,069,946	-	41,069,946	34,858,633	(6,211,313)	(15)
Expenses						
Staff Costs	9,961,596		9,961,596	10,375,754	(414,158)	(4)
Board Expenses	1,080,000	-	1,080,000	324,000	756,000	70
General and operations Expenses	8,518,824	-	8,518,824	6,034,920	2,483,904	29
Maintenance	1,192,400		1,192,400	1,354,170	(161,770)	(14)
Depreciation and amortization	1,566,616	-	1,566,616	19,692,615	(18,125,999)	(1,157)
Project Expense	16,496,934		16,496,934	16,496,934	-	-
Total Recurrent Expenditure	38,816,370	-	38,816,370	54,278,394	(15,462,023)	(69)
Profit or Loss	2,253,576		2,253,576	(19,419,761)	(21,673,336)	(69)

The short fall in revenue from Billing is due to low production, frequent power disconnections hence not supplying adequately

Other revenues are not guaranteed that will be received but as need arises hence we recognized what was received but the estimates were based on previous year.

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19. Notes to the Financial Statements

1. General Information

Olkejuado Water & Sewerage Co. Ltd is established by and derives its authority and accountability from Water 2016 Act. The Company is wholly owned by the County Government of Kajiado and is domiciled in Kenya. The Owasco's principal activity is to carry on the business of water and sewerage within the towns of Ilbissil, Isinya, Konza, Kajiado, Kitengela 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 this financial statement.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 8. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Olkejuado Water & Sewrage Co. Ltd. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Water Act 2016 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

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 but not yet effective in the year ended 30 June 2025

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.

ii. Early adoption of standards

Olkejuado Water & Sewerage Co. Ltd did not early – adopt any new or amended standards in year 2024-2025.

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

i) Revenue from the sale of Water is recognized in the year in which the Olkejuado Water & sewerage Company supplies water to the customer, bills the customer and collectability of the related receivables is reasonably assured.

ii) Grants from the County Government is recognized in the year in which applying Olkejuado Water & sewerage Company actually receives such grants.

iii) Other income is recognized as it accrues.

Notes to the Financial Statements (Continued)

b) In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, Owasco 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.

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.

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

Notes to the Financial Statements (Continued)

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis and on reducing balance for Water Infrastructure and other remaining assets respectively 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, as guided by National Treasury policy on assets depreciation are:

Computers and related equipment	33%
Office equipment, furniture and fittings	12.5%
Water Infrastructure	10%

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

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

e) Inventories

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

f) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

g) 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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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

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

h) 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.

Notes to the Financial Statements (Continued)

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

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

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

Notes to the Financial Statements (Continued)

i) 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 the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

j) Trade and other payables

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

k) Retirement benefit obligations

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.

l) Provision for staff leave pay

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

Notes to the Financial Statements (Continued)

m) Budget information

The Owasco'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 financial performance, whereas the budget is prepared on a cash basis. 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 financial performance has been presented under these financial statements.

a) Comparative figures

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

b) Subsequent events

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

Notes to the Financial Statements (Continues)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Owasco'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 judgments, 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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- 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

Notes to the Financial Statements (Continues)

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 8 and 9
(Include provisions applicable for your organization e.g. provision for bad debts, provisions of

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Notes to the financial statements (continues)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	11,380,470	7,353,005
Total	11,380,470	7,353,005

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Electricity paid by the County Government	4,582,335	1,400,000
In Kind contribution/donations from other agencies	-	-
Total	4,582,335	1,400,000

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Revenue from Tankering		107,000
Revenue from Connections/Reconnections	1,531,475	829,545
Office of ODPP	13,080	-
Decrease in provision for Bad Debts	854,339	-
Total	2,398,894	936,545

9. Deferred Income

	2024-2025	2023-2024
	Kshs	Kshs
Deferred Income –MWP	6,873,450	-
Deferred Income –EWUASO PSF	1,558,483	-
Wrua support and Admin/Accompanying/water waters	329,723	15,317,032
Isinet Psf	5,604,245	
Saina Majengo	321,702	
Kajiado WP	1,809,331	
Total Receipts to Cash flow Statement		15,317,032
Opening Balance from deffered liability		1,279,453
Bank Balance-Deferred Income Liability		(5,034,972)
Amortised Deferred Income-P & L	16,496,934	11,561,513

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

10. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary and Allowances-Permanent	5,359,680	5,634,080
Gross Salary and Allowances-Contracts	2,529,000	2,936,000
Casual workers' Wages -1 year contract	1,873,850	1,342,080
Top-up	40,968	-
Interns	320,000	
Employer's contributions to social security schemes	83,880	104,760
Employer's contributions to pension scheme	146,376	151,506
Staff Welfare	22,000	41500
Transfer Allowance	-	-
Total	10,375,754	10,236,926
The average number of employees during the year	39	29

11. General and Operations Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity-Production and administrative	3,943,838	13,039,709
Fuel, oil, lubricants, and gases	-	484,500
Supplies for Production- Water purchased for Water Tanker	21,500	6,000
Office supplies-Stationery	76,450	88,440
Office Running Expense (General Expense	21,179	13,890
Postage and courier	-	19,000
Public Engagement expense	280,800	-
Domestic Traveling and subsistence	506,600	442,600
Bank Charges	124,202	70,797
Publicity and advertising	20,000	-
Audit fees	232,000	232,000
Legal fees	20,000	-
Licensing and levies	670,381	425,282
Hospitality expenses	69,670	76,260
Provision for doubtful debts	-	1,805,600
Others Billing services	-	605,000
Billing Airtime & SMS	48,300	-
Total	6,034,920	17,309,078

NOTES TO THE FINANCIAL STATEMENTS (Continues)

12. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	19,692,615	1,961,073
Total Depreciation and Amortization	19,692,615	1,961,073

13. Maintenance Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Infrastructural networks	554,220	1,239,910
Motor vehicles	55,000	462,950
Maintenance of Plant & Equipment	744,950	-
Total Maintenance Expenses	1,354,170	1,702,860

14. Board Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Allowances and other related Expense	324,000	214,400
Total Board Expense	324,000	214,400

15. Project Expense

	2024-2025	2023-2024
	Kshs	Kshs
Payments –MWP	6,873,450	-
Payments –EWUASO PSF	1,558,,483	-
Payments -Wrua Support	329,723	11,561,513
Payment-Isinet- PSF	5,604,245	-
Payment- Saina/Majengo WP	321,702	-
Payment-KWP	1,809,332	-
Total	16,496,934	11,561,513

These are expenditures related to PSFs Wrua Support and administration expense for water project that were paid during the year

NOTES TO THE FINANCIAL STATEMENTS (Continues)

16. Property, Plant and Equipment

2024-2025	Freehold land	Buildings & civil works	Water & Sewer Infrastructure	Plant and machinery	Motor vehicles, including g. motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
Cost Or Valuation									
At July 1, 2024	-	-	19,434,939	-	-	111,750	554,150	123,667,895	143,768,734
Additional			53,204,709			147,320	-	-	53,352,029
To capital Works			123,667,895					(123,667,895)	-
At June 30, 2025	-	-	196,307,543	-	-	259,070	554,150	-	197,120,763
Depreciation									
At July 1, 2024	-	-	7,734,562	-	-	90,588	504,057	-	8,329,207
Charge For The Year	-	-	19,630,754	-	-	55,99	6,262	-	19,692,615
At June 30, 2025	-	-	27,365,316	-	-	146,187	510,319	-	28,021,822
Net Book Value At June 30, 2025	-	-	168,942,227	-	-	112,883	43,832	-	169,098,942

NOTES TO THE FINANCIAL STATEMENTS (Continues)
Property, Plant and Equipment (Continued)

2023-2024	Freehold land	Buildings & civil works	Water & Sewer Infrastructure	Plant and machinery	Motor vehicles, including, g, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
Cost Or Valuation									
At July 1, 2023	-	-	19,434,939	-	-	111,750	554,150	91,737,538	111,838,377
Prior Year Adjustments –Admin expense								(2,684,439)	(2,684,439)
Additions-Water Infrastructure	-	-	-	-	-	-	-	34,614,796	10,438,126
At June 30, 2024	-	-	19,434,939	-	-	111,750	554,150	123,667,895	143,768,734
Depreciation									
At July 1, 2023	-	-	5,791,068	-	-	80,165	496,901	-	6,368,134
Charge For The Year	-	-	1,943,494	-	-	10,423	7,156	-	1,961,073
At June 30, 2024	-	-	7,734,562	-	-	90,588	504,057	-	8,329,207
Net Book Value At June 30, 2024	-	-	11,700,377	-	-	21,162	50,093	123,667,895	135,439,527

Notes

The following assets are not in the property plant and Equipment (Appendix 3)

1. Land
2. Motor vehicles
3. Building

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.) Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables	38,519,941	37,171,493
Other receivables-Unsurrendered Imprest	1,036,444	1,036,444
Gross trade and other receivables	39,556,385	38,207,937
Provision for bad and doubtful receivable	-	-
Net trade and other receivables	39,556,385	38,207,937

17(a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	47,581,187	44,427,860
Provision for doubtful receivables	(9,061,246)	(9,915,585)
Net trade receivables	38,519,941	34,826,379
at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	525,729	593,197
Between 30 and 60 days	352,787	511,665
Between 60 and 90 days	531,619	436,849
Between 90 and 120 days	544,980	-
Between 120 and 150 days	-	862,209
Between 150 and 180 days	319,841	2,361,598
Over 180 days	36,244,985	39,662,342
Total	38,519,941	45,419,337

Provision is provided of 25% for gross receivable of more than 180 days

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Bank and Cash Balances

	2024-2025	2024-2025
	Kshs	Kshs
Cash at bank	39,268	38,522,879
Mobile money account	3,967	70,142
	43,235	38,593,021

Detailed analysis of the cash and cash equivalents

		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Tankering account-	01120320760900	-	-
Revenue Account	01120320760901	4,642	58,508
Expenditure account	01120320760902	-	34,364
Deposit account	01120320760905	8,105	-
Wrua Support account	01103207609001	-	326,092
Ewuaso PSF Account	01120320760910	-	1,560,048
Ereteti PSF	01103207609004	20,716	-
Kajiado Water Project Account	01103207609003	-	30,924,554
Saina Majengo Water project	01120320760908	5,805	247,135
Isinet Psf Account	01120320760909	-	3,110,227
Mashuru Water project account	1262600782	-	2,261,951
Sub- total		39,268	38,522,879
cash in hand		-	-
Mobile money account			
Connection Paybill	579269	-	46,515
Tankering Paybill	579271	40	-
Water sale paybill	579272	3,927	23,627
Sub- total		3,967	70,142
Grand total		43,235	38,593,021

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Bank Over draft

		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
b) Current account			
Tankering Account	01120320760900	641	3,233
Drought Mitigation account	01120320760905	-	760
Fixed Deposit account	01120320760903	1,907	4,257
Wrua Support account	01103207609001	1,025	-
Expenditure account	01120320760902	1,511	-
Grand total		5,084	8,250

20. Reserves

	2024-2025	2023-2024
Particulars	KShs	KShs
Balance Brought Forward	11,412,954	11,412,954
Additions	-	-
Payment for Ngong Project	-	-
Balance brought Down	11,412,954	11,412,954

21. Share capital

	2024-2025	2023-2024
Particulars	KShs	KShs
Authorized share capital	100,000	100,000
Par value per share is kshs 20		
	-	-
Number of shares issued	40	40

22. Development Grant

	2024-2025	2023-2024
Particulars	KShs	KShs
Balance Brought forward	158,630,500	100,861,446
Prior year Adjustment		(2,684,439)
Additions	24,445,040	60,453,493
Less Administrative expense	(4,504,484)	
Balance carried down	178,571,057	158,630,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Deferred Income Liability

	2024-2025	2023-2024
Particulars	KShs	KShs
Balance brought down	5,034,972	1,279,453
Additions		3,755,519
Amortised	(5,034,972)	
Balance to Balance sheet-Liability	-	5,034,972

24. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Balance Brought Forward	113,400,130	94,426,626
Additions	2,825,589	18,973,773
Total	116,225,719	113,400,130

Aging Analysis for Trade and other Payables

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Under one year	2,825,589	7%	18,973,773	6%
1-2 years	17,230,203	6%	6,492,111	6%
2-3 years	4,192,851	9%	6,132,544	8%
Over 3 years	91,977,076	78%	81,801,702	80%
Total	116,225,719		113,400,130	

25. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Balance Brought forward	5,808,059	6,180,865
Prepayment by customers		
others		
Refundable Deposits Received	369,000	177,000
Prepayments by customers	535,652	(549,806)
Total	6,712,711	5,808,059

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
profit or loss before tax	(19,419,761)	(21,734,787)
Depreciation	19,692,615	1,961,073
Decrease in Provision	(854,339)	
Operating profit/(loss) before working capital changes	(581,485)	(19,773,714)
Performance Guarantee	(356,539)	
Increase/(decrease) in trade and other receivables	(1,348,448)	137,833
Increase/(decrease) in prepaid receivables	535,652	(549,806)
Increase/(decrease) in trade and other payables	2,825,589	18,973,773
Increase/(decrease) in other payables-Bank Overdraft	(3,166)	8,250
Increase/(decrease) in Deferred income Liability	(3,876,043)	3,755,519
Adjustments-Trade Receivables	2,398,283	
Adjustment-Performance Guarantee	(71,300)	
Customer Deposits	369,000	177,000
Cash generated from/(used in) operations	(108,457)	2,728,855

27. Prior Year Adjustments

	2024-2025	2023-2024
Particulars	KShs	KShs
Administration Expense included in WIP-2023		2,684,439
Performance Guarantee expensed	71,300	
Trade receivables overstated	(2,398,283)	
Balance to change of Equity	(2,326,983)	2,684,439

28. Performance Guarantee

	2024-2025	2023-2024
	Kshs	Kshs
WASREB Licence Guarantee	356,539	
	71,300	
Total	427,839	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

29. Related Party Disclosures

County Government of Kajiado

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

Other related parties include:

- The County Department in charge of Water
- Water works Agencies
- WASREB
- WRA
- Water Sector Trust Fund
- Key management
- Board of directors

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Water sales to Govt. agencies	928,744	1,389,455
Total	928,744	1,389,455
b) Grants from the Government		
Grants from National Govt Agencies	24,445,040	11,561,513
Grants from County Government	4,582,335	1,400,000
Total	29,027,375	12,961,513
c) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	3,860,613	3,721,613
Total	3,860,613	3,721,613

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Financial Risk Management

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

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

(i) Credit risk

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:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	38,519,941	38,519,941	38,519,941	38,519,941
Other Receivables	1,036,444	1,036,444	1,036,444	1,036,444
Bank balances	43,235	-	-	-
Total	39,599,620	39,556,385	39,556,385	39,556,385
At 30 June 2024(previous Year)				
Receivables	37,171,493	37,171,493	37,171,493	37,171,493
Other Receivables	1,036,444	1,036,444	1,036,444	1,036,444
Bank balances	30,593,021	-	-	-
Total	68,800,958	38,207,937	38,207,937	38,207,937

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

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

ii) Liquidity risk management

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

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025 current year				
Trade payables	-	2,254,104	113,971,615	116,225,719
Total	-	2,254,104	113,971,615	116,225,719
At 30 June 2024 previous year				
Trade payables	-	253,880	113,146,250	113,400,130
Total	-	253,880	113,146,250	113,400,130

(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.

31. Incorporation

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

32. Events After the Reporting Period

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

33. Currency

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

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Appendix 1: Implementation Status of Auditor-General prior year recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:																												
1.	<p>Inaccuracies in the statement of cash flows</p> <p>The statement of cash flows reflects a total payments under cash flows from operating activities of kshs.22, 669,127. However, the recalculated amount reflect kshs 22,454,727 resulting in unexplained variance of kshs.214, 400.</p>	<p><i>The errors noted in the financial statements were due to typing errors. The same has been note and the errors will be corrected and balance re-stated in the financial statements of current financial year 2024/2025</i></p>	Resolved	2025																												
2.	<p>Variances between the financial statements and the trial balance</p> <p>Review of financial statements and the trial balance revealed variances as detailed below:</p> <table border="1"> <thead> <tr> <th>Component</th> <th>Financial Statements Balance (Kshs)</th> <th>Trial Balance (Kshs)</th> <th>Variances (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>135,439,527</td> <td>105,470,244</td> <td>29,969,283</td> </tr> <tr> <td>Trade and other receivables</td> <td>38,207,937</td> <td>37,176,493</td> <td>1,031,444</td> </tr> <tr> <td>Trade and other payables</td> <td>113,400,130</td> <td>113,392,630</td> <td>7,500</td> </tr> <tr> <td>Retained Earnings</td> <td>82,054,420</td> <td>60,319,632</td> <td>21,734,788</td> </tr> <tr> <td>Development Grants</td> <td>158,630,500</td> <td>161,314,939</td> <td>(2,684,439)</td> </tr> <tr> <td>Licensing and Levies</td> <td>425,282</td> <td>85,572</td> <td>339,710</td> </tr> </tbody> </table> <p>In the circumstances, the accuracy of the financial statements could not be confirmed.</p>	Component	Financial Statements Balance (Kshs)	Trial Balance (Kshs)	Variances (Kshs)	Non-Current Assets	135,439,527	105,470,244	29,969,283	Trade and other receivables	38,207,937	37,176,493	1,031,444	Trade and other payables	113,400,130	113,392,630	7,500	Retained Earnings	82,054,420	60,319,632	21,734,788	Development Grants	158,630,500	161,314,939	(2,684,439)	Licensing and Levies	425,282	85,572	339,710	<p><i>The variances between the financial statements and the trial balance noted were as result of balances that were stated separately as line items in the trial balance but consolidated in the notes to the financial statements. The same has been consolidated in the trial balance and reconciled with the balances in the financial statements accordingly.</i></p>	resolved	2025
Component	Financial Statements Balance (Kshs)	Trial Balance (Kshs)	Variances (Kshs)																													
Non-Current Assets	135,439,527	105,470,244	29,969,283																													
Trade and other receivables	38,207,937	37,176,493	1,031,444																													
Trade and other payables	113,400,130	113,392,630	7,500																													
Retained Earnings	82,054,420	60,319,632	21,734,788																													
Development Grants	158,630,500	161,314,939	(2,684,439)																													
Licensing and Levies	425,282	85,572	339,710																													

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
3	<p>Unsupported General and operations Expense</p> <p>The statement of profit or loss and other comprehensive income reflects Kshs.17,309,078 in respect to general and operations expenses which, as disclosed in Note 11 to the financial statements. Included in the expenditure is fuel, oil, lubricants, gases and domestic traveling and subsistence amounts of Kshs.484,500 and Kshs.442,600 respectively totaling Kshs.927,100. However fuel registers, detailed orders and imprest warrants, work tickets, and back to office reports were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of general and operations expenses amounting to Kshs.927,100 could not be confirmed.</p>	<p>The concern of the auditor was noted and the following documents that were not provided at the time of audit have been attached to support</p> <ol style="list-style-type: none"> Detail Order & Fuel Register Imprest Warrant, work tickets and Back to Office Report 	Resolved	2025
4	<p>Long Outstanding Trade and Other Receivables</p> <p>The statement of financial position reflects trade and other receivables balance of Kshs.38,207,937 as disclosed in note 17 to the financial statements. However, the balances differ with recalculated amount of Kshs.35,862,823 resulting in unexplained variance of kshs.2,345,114</p> <p>In addition, note 17 to the financial statements reflects gross trade receivables balance of Kshs.44,427,860 which includes balances totaling Kshs.39,662,342 which have remained outstanding for a period of more than one hundred and eighty (180) days whose recoverability is doubtful. Further, the Company's general provision for bad debts of 25% of the gross receivables outstanding for more than 180 days is not supported by a policy.</p>	<ol style="list-style-type: none"> The variance of Kshs.2,345,114 noted above was due to typing errors. The same has been noted and the errors will be corrected and balance re-stated in the financial statements of current financial year 2024/2025. (Appendix A-1.0). Most of the consumers were disconnected due to lack of water supply. The company had minimal sources of water and could only meet less than 20% of the high demand of water. However, the company undertook several projects in effort to re-activate dormant 	Not Resolved	2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>In addition, the balance also includes un-surrendered imprest balance of Kshs.1,036,444 which has been outstanding for more than one year but were not supported with the particulars of imprest holders and the respective amounts. No explanation was provided for failure to recover the imprests from the defaulters.</p> <p>In the circumstances, the accuracy, recoverability and fair statement of trade and other receivables balance of Kshs.38,207,938 could not be confirmed.</p>	<p>customers and connect more than 300 new customers. This will enable the company to collect arrears from the re-connected customers and be able to reduce the outstanding debts. The new projects include:</p> <ul style="list-style-type: none"> a) Kajiado Water Reticulation Project b) Saina-Majengo Water Project. c) Drilling and equipping of 2No. boreholes at the Water Office and at Oloosuyian d) Rehabilitation and solarization of Isinya Borehole. 		
5	<p style="text-align: center;">Long Outstanding Trade and Other payables</p> <p>The statement of financial position reflects trade and other payables balance of Kshs.113,400,130 and as disclosed in Note 24 to the financial statements. However, vendor statements, invoices and delivery notes were not provided for audit review. Further, included in the trade and other payables are balances totaling Kshs.81,801,702 which have remained outstanding for over three years some dating back to 2006. The Management has not indicated measures put in place to settle the liabilities and is at risk of incurring interest penalties.</p> <p>In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.113,400,130 could not be confirmed.</p>	<ol style="list-style-type: none"> 1. Most of the payables were inherited from the former National Water Conservation and Pipeline Corporation (now National Water Harvesting and Storage Authority) and the former Tanathi Water Services Board (now Tanathi Water Works Development Agency). Part of the company's creditors also includes water license fees and abstraction fees. 2. The outstanding creditors will be cleared once the Company's financial flows improve. Meanwhile, the Company has negotiated with 	Not resolved	2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
6	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.45,985,913 and Kshs.21,251,063 respectively, resulting to a shortfall of Kshs.24, 734,850 or approximately 54% of the budget.</p> <p>The under collection may affect the implementation of the planned activities and programs and may impact negatively on service delivery to the public</p>	<p><i>the creditors on a suitable way of repayment to avoid litigation, penalties and interest.</i></p> <p><i>The Company depends on revenue collection to fund most of its activities. The Company did not meet revenue target in the year under review due to the following reasons:</i></p> <ul style="list-style-type: none"> <i>a. Low water production as a result of continued reduction of yields at the sources.</i> <i>b. Stalled bulk water supply from the Nolturesh Water and Sewerage Company</i> <i>c. Aging and dilapidated water supply infrastructure (storage tanks and pipelines) leading to increased non-revenue water due to leakages.</i> <i>d. Inability of the Company to pay electricity bills on time leading to frequent power disconnections hence disruption of services</i> <i>e. Debtor defaulters.</i> <p><i>However, the Management has put in place the following austerity measures to address the above challenges:</i></p>	resolved	2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>a) It sought assistance from the County Government of Kajiado to rehabilitate/ replace the main tanks that are dilapidated. This has already been done in the Kajiado Water Reticulation Project.</p> <p>b) The Management continues to engage customers through various means to encourage them to pay for water so as to continue enjoying the supply services.</p> <p>The Company has undertaken several projects that are successfully complete through which it has connected and re-connected over 300 customers from project areas. The Company is targeting 200 more customers from these project areas</p>		
7	<p>Material Uncertainty Related to Going Concern</p> <p>The statement of profit or loss and other comprehensive income reflects an operating loss of Kshs.21,734,787 (2022/2023: Kshs.9,808,668) which raised the company's accumulated loss to from Kshs.82,054,420 (2022/2023 Kshs.60,219,819) as at 30 June, 2024. In addition, the statement of financial position reflects current liabilities totaling Kshs.124,251,411 against current assets balance of Kshs.76,800,958, resulting to negative working capital of Kshs.47,450,453. If the trend continues into unforeseeable future, the company may not be able to meet its obligations as and when they fall due.</p>	<p>The Company was facing serious financial challenges due to the following reasons:</p> <p>a) Low water production as a result of continued reduction of yields at the sources.</p> <p>b) Stalled bulk water supply from the Nolturesh Water and Sewerage Company</p> <p>c) Aging and dilapidated water supply infrastructure (storage tanks and pipelines) leading to increased non-revenue water due to leakages.</p>	Not resolved	2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>d) Customer defaulting on payments</p> <p>e) Inability of the Company to pay electricity bills on time leading to frequent power disconnections hence disruption of services</p> <p>The above factors have contributed to the low revenue collection recorded by the Company in the year under review. The Management has however put in place the following austerity measures to address the situation;</p> <p>i) The company working capital has marginally improved as per the analysis below</p> <p>2022/2023- 48,371,238-101,886,675= (53,515,437)</p> <p>2024-76,800,958-124,254,411= (47,450,453)</p> <p>Improvement-53,515,437- 47,450,453=6,064,984</p> <p>ii) The Company has undertaken several projects in effort to re-activate dormant customers and connect more than 300 new customers. This will enable the company to collect arrears from the re-connected</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>customers and be able to reduce the outstanding debts. The new projects include:</p> <ul style="list-style-type: none"> a) Kajjado Water Reticulation Project b) Saina-Majengo Water Project. c) Drilling and equipping of 2No. boreholes at the Water Office and at Oloosiryian d) Rehabilitation and solarization of Isinya Borehole. <p>iii) The Company has negotiated with relevant bodies on a suitable part payment plan on clearing the outstanding debts.</p>		
8	<p>Budgetary control</p> <p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved as at 30 June, 2023.</p>	<p>The Company has managed to resolve part of the prior year matters such as recruitment of the new Board of Directors and approval of the key Company Policies. The Management is committed to resolving the remaining matters during the financial year ending 30th June 2025.</p>	Not resolved	2026
9	<p>Non-Remittance of Statutory Deductions</p> <p>The statement of financial position reflects trade and as disclosed in Note 24 to the financial statements reflects trade and other payables balance of 113,400,130. Review of payables records revealed that the balance includes statutory deductions relating to unremitted deductions for National</p>	<p>During the financial year, the Company was not able to remit the aforementioned amount due to poor financial flows but part of PAYE and NHIF was paid. However,</p>	Not resolved	2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Health (NHIF), National Social Security Fund (NSSF) and Kenya Revenue Authority (KRA) and housing Levy of Kshs.258, 200, Kshs.1, 346,564, 5,771,787 and Kshs.197, 968 respectively. The Company risks incurring avoidable costs on interest and penalties for not remitting the statutory deductions.</p> <p>In the circumstances, The Company is exposed to risks of paying interest and penalties due to unremitted statutory deductions.</p>	<p><i>the Company is on an upward trajectory since it has re-connected and connected more customers from the new undertaken projects. Also, the Company will negotiate with the relevant body on a suitable way-forward to avoid penalties and interest</i></p>		
10	<p style="text-align: center;">Employees without Valid Contracts</p> <p>Review of personnel records revealed that the contracts of a Technical Manager, Human Resources Officer and Billing Officer expired on 3 October, 2023 and no evidence of new contract renewal was provided for audit review. At the time of audit in December, 2024, the officers were still serving in their capacities in contravention of the Company's Human Resource Policies manual. The Management has not provided a plausible explanation why the contracts have not been renewed. This was contrary to Section B.20 (2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2016 which states that Appointment of officers on contract and renewal of such contracts shall be made on authority of the Public Service Commission. Authorized Officers shall report to the Commission all cases of appointment on contract terms which require renewal at least three (3) months before expiry of such contracts.</p> <p>In the circumstances, Management was in breach of the law</p>	<p><i>At time of audit, the management had forwarded the request for renewal of the expired contracts to the Board for deliberations and consideration. The contracts have been renewed and dispatched to the affected employees</i></p>	resolved	2025
11	<p style="text-align: center;">Non- Compliance with Law on Ethnic Composition</p> <p>Review of the staff establishment revealed that there were twenty-eight (28) employees out of whom, thirteen (13) or 46% were from the dominant ethnic community in the County. This is contrary to</p>	<p><i>The concern of the auditor was noted. However, from the above staffing analysis, 59% of the employees (15 out of 28) are not from the dominant communities in the</i></p>	Not resolved	2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Section 65(1) (e) of the County Governments Act, which states that in selecting candidates for appointment, the County Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant community in the county.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p><i>County. This shows that the Company complies with the cited law</i></p>		
12	<p>Failure to Hold Board Meetings</p> <p>Review of records of the Company Board revealed that the previous Board of Directors' term ended in 2015 and the positions remained vacant until 23 April 2023 when the new board was gazetted for a three-year period. However, the board and its committees failed to hold meetings during the period under review. As a result, there was lack of formulation of new Company policies, procedures and execution of the functions of the board since 2015, contrary to Section 79(1) of the Water Act 2016. In addition, the company lacked independent assurance on the effectiveness of internal controls. In the circumstances, Management was in breach of the law.</p>	<p><i>The new Board assumed office at the beginning of the financial year. The first meeting was held in July 2023, the second one in September 2023 and the third one in December 2023. This was before the Board Chairman fell sick and passed on. However, the Board was reconstituted immediately and had a meeting in October 2024.</i></p>	resolved	2025
13	<p>Unauthorized Borrowing from Customer Deposits</p> <p>The statement of financial position reflects customer deposits and other prepayments balance of Kshs.5, 808,059 and as disclosed in Note 25 to the financial statements. Review of customer deposit bank account revealed a balance of Kshs.Nil indicative of the whole amount having been utilized for Company operations. However, no Board approval for the amount borrowed was provided for audit review. This was contrary to Section 149 (1)(a) of the Public Finance Management Act, 2012, which states that an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized.</p>	<p><i>The Company's Finance Policy allows the Company to borrow from the customer deposits with the approval of the Board of Directors. The Company had presented the request for borrowing to the Interim Board and the same was approved</i></p>	resolved	2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	In the circumstances, Management was in breach of the law.			
14	<p>Failure to establish non-Revenue Water (NRW) Unit</p> <p>Review of the company records and systems revealed that the company had not established and permanently embedded in the organization chart a NRW unit to implement non-revenue water reduction measures. This contravenes Paragraph 3.1 (1) of Non-revenue Water Management Standards in Kenya, 2022, which requires that there be establishment of NRW Unit and Coordination with other Units.</p> <p>In the circumstances, the Management is in breach of law.</p>	<p>The Company has been operating on low revenue making it difficult to employ more staff. However, the Company has taken measures to reverse the situation and revenue is expected to improve. The NRW unit will be established in the financial year ending 30th June 2025</p>	Not resolved	2026
15	<p>Use of expired Tariff</p> <p>As reported in the previous year, the water tariff structure in use was approved in December, 2008 which expired in December, 2011. However, the Water Company has continued using the tariffs, despite it having expired, contrary to Section 72 (1) (b) of the Water Act, 2016 that requires the Water Services Regulatory Board to evaluate and recommend water and sewerage tariffs to the county water service providers and approve the imposition of such tariffs in line with consumer protection standards.</p> <p>In the circumstances, the Management is in breach of law.</p>	<p>Management Response</p> <p>At the time of Audit, the Management was in the process of applying for the regular tariff as per WASREB guidelines. The process is at an advanced stage awaiting approval from WASREB.</p>	resolved	2025
16	<p>Lack of strategic plan</p> <p>Review of records and operations revealed that, the Company did not have an approved strategic plan. The strategic plan enables the Company to properly align its activities and programmes to County Integrated Development Plan.</p>	<p>During the time audit the Company was using the old strategic plan. The Management is in the process of reviewing the strategic plan to re-align it with the current County Integrated Development Plan, 2023-2027</p>	Not resolved	2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>In the absence of a strategic plan, the Company lacks direction guide on what to prioritize, resulting in disorganization, inconsistent performance, poor use of resources and time management</p>			
17	<p>Presentation and Disclosure of the financial statements</p> <p>Review of the annual report and financial statements revealed the following anomalies.</p> <ul style="list-style-type: none"> i. On page xv the strategic plan is reflected as for 2023/2024 instead a 5-year period. ii. On page xxv under Report of Directors, the results of the Company is reflected as 2023 and 2024 instead of 2022/2023 and 2023/2024 while number iii is reflected as Directors instead of dividends. iii. On page 3 the statement of change in Equity reflects opening date for the prior year as is July 1 2023 instead of July 1 2022 and the opening date for the year under review is reflected as July 1, 2024 instead of July 1 2023 iv. On page 9 the sentence 'summary of significant Accounting Policies' should be deleted. v. On page 57 the financial statements are not signed by the Managing Director as required by the reporting template. 	<p><i>The anomalies in the financial statements were noted. These anomalies were corrected and the financial statements were amended accordingly 2023</i></p>	resolved	2025
	<p>In the circumstances, the presentation and disclosure of the financial statements did not comply with the requirements of the public sector Accounting Standards Board the water services providers to have a Board of Directors to serve on the board in accordance with the Company's memorandum and articles of association.</p> <p>Further, the Company lacked succession plan for Board members to help the Company recruit more effectively as the directors' term expires and board vacancies arise. This contravenes the requirement</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>of Parameter 1.4(1)(k) of Mwongozo, code of Governance for State Corporations which require that the chairperson of the Board to ensure that there is a succession plan for Board Members. In the circumstances, Management was in breach of the law.</p>			
18	<p>Lack of Internal Audit Function</p> <p>Review of the Company's records and operations revealed that an internal audit function had not been established and operationalized. Thus, there was no independent assurance on the effectiveness of the Company's risk management, governance and internal controls.</p> <p>In the circumstances, internal controls are weak and Management did not get assurance on effectiveness of its operations.</p>	<p><i>The Company's Internal Auditor exited from the Company and by the time of audit, the Company had not yet recruited another Internal Auditor due to financial challenges. In the interim, the Management has been seeking internal audit services from the County Treasury. However, the company plans to recruit the Internal Auditor since its revenue are expected to improve.</i></p>	Not resolved	2026



Peter Juma Aliero
 Ag. Managing Director

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Appendix II: Projects implemented by Olkejuado Water & Sewerage Co. Ltd

Projects

Projects implemented by the State Corporation/ SAGA 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	Mashuru water Project	European Union	12 Months	92 Million	yes	Yes
2	Isinet PSF	European Union	12 Months	5.6 Million	Yes	Yes
3.	Kajiado Water project	European union	12 months	71 miolliom	Yes	Yes
4	Ewuaso PSF	European Union	12 Months	5.6 Million	Yes	Yes
5	Saina/Majengo	KFW	12 Months	19 Million	Yes	Yes

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie 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	Kajiado water project	71 Million	71 Million	100%	71 Million	71 Million	WSTF/county
2	Mashuru water Project	8.8 M	80 M	100%	92 M	82.5million	WSTF/county
3	Saina /Majengo Water Project	19m	19M	100%	19	19	WSTF/county

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4	Isinet PSF	4.9 M	-	100%	5.6million	5.6 ml	WSTF/county
5	Ewuaso PSF	4.9 M	-	100%	5.6million	5.6 ml	WSTF/county

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Appendix III: Asset not included in the Property, Plant and Equipment

1. Land

S/No	Land	Owner	Status
1.	Oloosuyian Land	County Government of Kajiado	In use
2.	Kitengela Stadium Borehole land	Ditto	In use
3.	Demo Farm Borehole land	Ditto	In use
4.	Kajiado Office Borehole land	Ditto	In use
5.	Booster Pump II Land	Tanathi Water Works Development Agency (TaWWDA)	In use
6.	Bissil Borehole 1 & 2 lands	Ditto	In use
7.	Isinya Borehole 1 Land	Ditto	In use
8.	Railways Land	Ditto	In use
9.	KenHill Land.	Ditto	In use
10.	Kajiado Water Supply Pipeline	Ditto	In use
11.	Ilbisill Water Supply Pipeline	Ditto	In use
12.	Isinya Pipeline	Ditto	In use
13.	Konza pipeline	Ditto	In use
14.	Kitengela Agriculture Borehole land	State Department of Agriculture	In use

2. Motor Vehicles

No.	Registration Number	Description	Make	Year of Registration	Status
1.	GK G364	Water tanker	Nissan UD	Mid 80s	Grounded
2.	KAL 848U	Pick-up	Isuzu	2003	Grounded
3.	KAW 376Z	Motor bike	Yamaha 125cc	2007	Operational

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No.	Registration Number	Description	Make	Year of Registration	Status
4.	KAN 323U	Motor bike	Yamaha 125cc	2004	Grounded
5.	GK A573L	Water tanker	Isuzu FVZ	2006	Operational
6.	GKA 345 Y	Water tanker	Isuzu FVZ	2012	Operational
7.	KAW 383Z	Motor bike	Yamaha 125cc	2007	Grounded
8.	KAN 063U	Motor bike	Yamaha 125cc	2004	Grounded
9.	KBU 830 T	Water Tanker	Isuzu FSR	2013	Operational
10.	KBZ 854 D	Double Cab	Ford Ranger	2014	Operational

1. Buildings

No.	Description	Land	Location	Year of Construction
1.	Office block; 3 offices and store	¾ acres; not surveyed	Kajiado Town	1989
2.	Reinforced 100m ³ concrete tank	3 acres; not surveyed	Pump station II	1989
3.	Pump house		Pump station II	1989
4.	Gate (steel)		“	“
5.	2-bedroom staff houses		“	“
6.	Sentry hut 1No.		“	“
7.	2No. One bedroom staff houses.	1½ acres	Cain hill	1989
8.	2No. Single room's staff houses		Cain hill	“
9.	1,140m ³ Masonry tank		“	“
10.	300m ³ Masonry tank		“	“
11.	335m ³ Steel tank		“	“
12.	Toilet (pit)		“	“
13.	Gate (steel)		“	“

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No.	Description	Land	Location	Year of Construction
14.	Fence (chain link)		“	“
15.	Permanent office 1No.	3 acres; not surveyed	Ilbissil B/H II	2003
16.	Pump house		Ilbissil B/H II	2003
17.	Pump house	3 acres	Ilbissil B/H I	1978
18.	4No. Staff houses single rooms		Ilbissil B/H I	1978
19.	Lister engine S/NO. L2170/5 (model PC 164E)	1No.	“	
20.	Perkins generator S/NO.RP120206(model 1103A-33)	1No.	“	
21.	Permanent office rented	-	Konza	-
22.	50m ³ Steel elevated tanks	1 acre; not surveyed	Township water supply	1989
23.	100m ³ Steel elevated tanks		“	“
24.	100m ³ Masonry tanks		“	“
25.	50m ³ Masonry tank		“	“
26.	25m ³ Masonry tank		“	“
27.	1No. One bedroom staff house		“	“
28.	2No. Single room staff housed		“	“
29.	Fence (chain link)		“	“
30.	Toilet flash/bathroom		“	“
31.	Wooden single office	3 acres; not surveyed	Isinya	1990s
32.	Pump house complete with 3No. control panels		Isinya	“
33.	Booster pump house		“	“
34.	60m ³ Concrete tank		“	“
35.	Elevated steel tank		“ “	“
36.	2No. Uni-huts		“ “	“

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No.	Description	Land	Location	Year of Construction
37.	Old Booster	1 acre	Isinya	1990s
38.	Booster station (kwa Mzungu)	2 acres	Isinya	1990s
39.	2No. Booster Pump		Isinya	2007
40.	2No. 15m ³ Plastic Tank		Isinya	2007
41.	1No. 60m ³ Elevated steel tank		Isinya	1990s