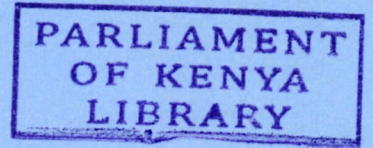


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**NITHI WATER AND SANITATION
COMPANY LIMITED**

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

	PAPERS LAID
DATE	12/11/25
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Angela

19



Nithi Water & Sanitation Company Ltd

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Glossary of Terms

A. Acronyms

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>NIWASCO</i>	<i>Nithi Water & Sanitation Company Limited</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>TWWDA</i>	<i>Tana Water Works Development Agency</i>
<i>NRW</i>	<i>Non Revenue Water</i>
<i>ICT</i>	<i>Information Communication Technology</i>
<i>KERRA</i>	<i>Kenya Rural Roads Authority</i>
<i>KURA</i>	<i>Kenya Urban Roads Authority</i>
<i>WSTF</i>	<i>Water Sector Trust Fund</i>
<i>SPA</i>	<i>Service Provision Agreement</i>

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information

Background information

Nithi Water and Sanitation Company (NIWASCO) was incorporated on 6th April, 2006 as a legal company under the company's Act Cap.486 law of Kenya as a public limited company guaranteed by the Government of Kenya with no shareholding but with stakeholders. This was as a result of enactment of water Act 2002 which ushered in the reforms in the water sector. On 2nd May, 2006 the company signed an interim **Service Provision Agreement** with **Tana Water Services Board** after being appointed as a Water Service Provider within the board's area of jurisdiction. As required by the Water Act 2016, NIWASCO has valid license that runs up to 2027 and 4-year tariff that will be operational up to 2028 with Water Services Regulatory Board (WASREB).

Previously, the company's area of SPA jurisdiction as defined in the SPA was 136km² with 100km² under Chuka/Karingani water Scheme and 36km² under Chogoria Water Scheme. In April 2018, the service area was extended further to cover Mutonga-Gituma water supply scheme, Kibunga-Kakimiki water supply scheme Scheme and Kathwana water supply scheme. This brings the total area to approx. 380Km²

The company abstracts water from different sources for each scheme. Water from all rivers is abstracted through gravity fed pipe and conveyed to customers systems with a total production of 7,507 M³/day.

Scheme	Source	Production per month in M3
Chuka/Karingani	Tungu River	2,002,936
Chogoria	Maara River	305,876
Mutonga-Gituma water supply	Mutonga River	94,009
Kibunga-Kakimiki water supply	Kathita River	212,840
Kathwana water supply	Maara River	124,268
TOTAL		2,739,929

Principal Activities

The mandate or the principal activities of NIWASCO is to provide reliable, adequate, safe and affordable water and sanitation services in areas formerly served by the GoK through Provision of water and sanitation services through the following field offices;

- Chuka/ Karingani Scheme
- Chogoria Scheme
- Kathwana Scheme
- Mutonga Scheme
- Kibung'a Scheme

Directors

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

- | | | | |
|----|-----------------------|------------|--|
| 1. | Kennedy Mutua | - Chairman | - Appointed in July 2023 |
| 2. | Mary Kagendo | - Director | - Appointed in July 2023 |
| 3. | Albano Mugambi Kiania | - Director | - Appointed in July 2023 |
| 4. | Loise Wanja Mutua | - Director | - CO Water Tharaka Nithi County Govt' |
| 5. | Wycliffe Kabinga | - Director | -CO Finance Tharaka Nithi County Govt' |

Nithi Water & Sanitation Company Ltd

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

6.	Mary Wambui Kigia	-CEO-Rep	- Tana Water Works Development Agency
7.	Magdalene Karimi	- Director	- Appointed in September 2024
8.	Risper Gatakaa	- Director	- Appointed in September 2024
9.	Mark Denis Mwenda	- Director	- Appointed in March 2025
10.	Jossy Mwende	- Director	- Appointed in March 2025
11.	Laban Kaara Mwaniki	- Managing Director	- Secretary to the Board

Company Secretary

Mr Gikuhi Kiana
Certified Public Secretaries
PO Box 1271-10100
NYERI

Registered Office

County Commissioner's compound
P.O. Box 263-60400
CHUKA

Corporate Headquarters

County Commissioner's compound,
P.O. Box 263-60400,
CHUKA

Corporate Contacts

Telephone: 064-630434, 0700364785
E-mail: nithiwasco13@yahoo.com
Website: www.nithiwater.com

Corporate Bankers

1. Co-operative Bank of Kenya
P.O. Box 101-60400
CHUKA

2. Kenya Commercial Bank
P.O. Box 7014-60400
CHUKA





3. Central Bank of Kenya
P.O. Box 60000-0200
NAIROBI

4. Family Bank
P.O. Box 101-60400
CHUKA

5. Equity Bank
P.O. Box 7014-60400
CHUKA

6. Post Bank
P.O. BOX3-60400
CHUKA


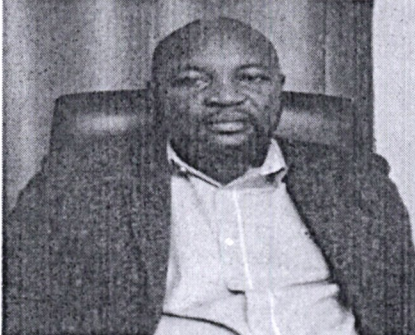

3. The Board of Directors

Directors	Details
 <p>MR. KENNEDY MWANGI MUTUA</p>	<p>Board Chairperson Currently working with full Gospel Churches of Kenya as a County Bishop. Over 23 years offering counselling and psychological management. Appointed in July 2023 Bachelor of Theology in counselling Psychology Independent Director D.O.B 1973</p>
 <p>MRS. MARY KAGENDO MURITHI</p>	<p>Chairperson Audit Sub Committee Retired Principal Currently a Business woman Appointed in July 2023 Bachelor of Education (arts) Independent Director Chairperson Audit Committee D.O.B 1962</p>
 <p>MR. ALBANO MUGAMBI KIANIA</p>	<p>Chairperson Fat Sub Committee Retired Accountant Currently a Business Man Appointed in July 2023 Holder of higher Diploma in strategic management and Bachelor of Business Administration. Independent Director D.O.B 1962</p>
 <p>MS. LOISE WANJA MUTUA</p>	<p>Chief Officer Water & Irrigation Tharaka Nithi County Govt' Master of Business Administration (Strategic Management) Appointed in September 2024 Executive Director D.O.B 1983</p>

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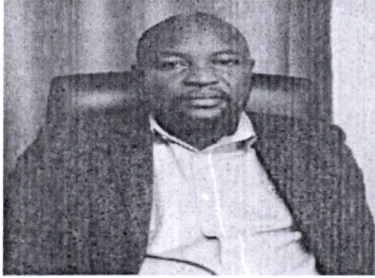

 <p>WYCLIFFE KINYUA KABINGA</p>	<p>Chief Officer Water & Irrigation Tharaka Nithi County Govt' MSC (Finance & Investment) - ongoing BA (Economics & Sociology) Certified Retail Banker 1(CRB 1) Appointed in September 2024 Executive Director D.O.B 1982</p>
 <p>MAGDALENE KARIMI NJERU</p>	<p>Teacher Appointed in September 2024 Bachelors of education (Arts) Counselling Independent Director D.O.B 1966</p>
 <p>RISPER GATAKAA MARANGU</p>	<p>Operations Administrator Appointed in September 2024 Bachelors of Education (Arts) Independent Director D.O.B 1979</p>
 <p>MR.MARK DENIS MWENDA NJERU</p>	<p>BusinessMan Appointed in March 2025 Bachelors of Commerce (Accounting Option) Independent Director D.O.B 1988</p>

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 <p>JOSSY MWENDE MURUTANI</p>	<p>Banker Appointed in March 2025 Bachelors of Commerce (Finance Option) Independent Director D.O.B 1991</p>
 <p>ENG. LABAN KAARA MWANIKI MEMBERSHIP NO. PET00257</p>	<p>He has a degree in Civil Engineering with more than eight years in Water sector as well as civil engineering sector and registered with Kenya Engineering Technology Registration board. D.O.B 1984 Civil Engineering Secretary to the Board</p>
 <p>MR. GIKUHI KIANA (CPSK)</p>	<p>FCS Richard K. Gikuhi, MBA, MKIM, Accredited Governance Auditor, HSC FCS Richard K. Gikuhi is a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University. He is currently the Managing Partner at Gikuhi Kiana & Company, Certified Secretaries. For over 26 years he has worked with various Water and Sanitation Companies as a Company Secretary and advises in the area</p>

	<p>of Corporate Governance. His stint at the European Union contributes to his knowledge in Project Management and Capacity building.</p> <p>Company Secretary</p>
--	---

4. Key Management Team

	Details
 <p>ENG. LABAN KAARA MWANIKI MEMBERSHIP NO. PET00257</p>	<p>MANAGING DIRECTOR</p> <p>Academic</p> <ul style="list-style-type: none"> • Btech in Civil Engineering • Diploma in Civil Engineering <p>Profession & Experience</p> <ul style="list-style-type: none"> • Member of Engineer Board of Kenya • Member of Engineering Technologist Board • Member In Institute of Engineering Technologist <p>Served for more than 11 years in Water Sector.</p>
 <p>CPA IRENE WAMUYU KITHAKA</p>	<p>COMMERCIAL AND FINANCE</p> <p>Academic</p> <ul style="list-style-type: none"> • Bachelor of Commerce (Finance Option) • Certified Public Accountant CPA(K) <p>Profession & Experience</p> <ul style="list-style-type: none"> • Member of ICPAK. • 18 years' experience in Finance and as a senior manager
 <p>GLORYFINE KATHURE</p>	<p>TECHNICAL</p> <p>Academic Bsc. Water and Environmental Engineering</p> <p>Profession & Experience</p> <ul style="list-style-type: none"> • Member of Engineers Board of Kenya • 9 Years of experience in civil works and Water works.



CPA ERICK MUNENE NDIU

INTERNAL AUDIT

Academic

- Pursuing Msc. Finance & Economics
- Bcom – Finance option
- CPA(K)

Profession & Experience

- Member of ICPAK – Membership No. 15659
- 12 years’ experience



DENNIS MUTHOMI MIRITI

PROCUREMENT OFFICER

Academic

- Bsc – Purchasing and Supplies Management
- CPSP-K II

Profession & Experience

- Member of KISM no. M82383
- License no.K3270/2024
- 3years’ experience in supply chain management.



ANN LENET GAKII

HUMAN RESOURCE AND ADMINISTRATION

Academic

- Higher Diploma – HRM
- Diploma – HRM
- Diploma – Public Relations
- Certificate in Secretarial Studies

Profession & Experience

- Member of IHRM – Membership no. 014752



MR. GIKUHI KIANA (CPSK)

COMPANY SECRETARY

Academic

Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University.

Profession & Experience

He is currently the Managing Partner at Gikuhi Kiana & Company, Certified Secretaries. For over 26 years he has worked with various Water and Sanitation Companies as a Company Secretary and advises in the area of Corporate Governance. His stint at the European Union contributes to his knowledge in Project Management and Capacity building.

5. Chairman's Statement



On behalf of Board of Directors, I am honored to present the Financial statements of Nithi Water and Sanitation Company for the financial year ended 30th June, 2025. During the year under review, NIWASCO continued with its transformation journey towards achievement of its vision “Provide quality, affordable and reliable water; and enhance sanitation services to our customers so as to sustain healthy communities through effective resource mobilization and proper asset management”. This marks a significant milestone towards achieving our 2022/23-2026/27 strategic plan. In this view, the year under review saw us focus on activities aimed at advancing the organization and laying the foundation for the realization of our vision. My statement focuses on these activities and their impact on NIWASCO's future.

Our ambition is to lead the sector on best management approaches to reduce non-revenue water to acceptable sector benchmark, enhance customer service and prudent project management including Operations and Maintenance. Aware of the challenges facing the company such as mushrooming community-based water projects in parts of Chuka and Maara, we continued to ensure we attain the 2% reduction Of Non-revenue water as per the license conditions set by our regulators.

Performance within the period has been favorable as we have continued to witness an overall positive growth despite financial constraints and increasing cost of production.

However, despite milestones attained the company is still facing challenges among them being;

1. High Non-Revenue Water (NRW) levels
2. Aging and dilapidated infrastructural and assets contributing to high cost of maintenance.
3. Lack of sufficient funds to expand the water reticulation system as envisioned in the strategic plan.
4. Political dynamics due to new water sector reforms.
5. Mushrooming of unlicensed community water projects within the company's area of supply thus creating conflict of interests.

Nithi Water & Sanitation Company Ltd
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Our pledge is to continue working with all stakeholders in exploring all alternative means of making our company among the best in the country.

The board continuously reviewed existing policies and developed new policy documents for implementation by the management to address the various risks identified which may restrain achievement of our strategic goals.

The board and management, with support of the shareholders, will continue to work together to strengthen the company's internal controls and enterprise risk management, promote culture of integrity and strive for highest ethical business standards for improved service delivery.



KENNEDY MUTUA MWANGI MUTUA
BOARD CHAIRPERSON

6. Report Of the Managing Director



It is my pleasure to present the Managing Director's Report for the financial year 2024/2025. During the year under review, the Company realized measurable progress in operational efficiency, service delivery, and financial sustainability, despite facing several challenges. This include:

- Non-Revenue Water (NRW): Reduced from 56% to 54%, reflecting ongoing efforts in pipeline monitoring, leakage management, and meter replacement.
- Water Coverage: Improved from 58% to 61%, expanding access to safe and clean water for our customers.
- Metering Ratio: Maintained at 100% through the replacement of 700 faulty and aged meters, ensuring accurate billing and improved accountability.
- Supply Hours: Slightly increased from 19.2 hours/day to 19.4 hours/day, attributed to the activation of the newly constructed Kirege Water Treatment Plant.
- Sewerage Services: The Company successfully commissioned the sewerage project, extending services to 5,520 persons during the year.
- Tariff Implementation: Successfully rolled out a new cost-reflective tariff structure, ensuring improved revenue recovery.
- Revenue Growth: Achieved through improved billing efficiency, strict enforcement of revenue collection, and enhanced customer engagement.
- Customer Base Expansion: New water connections broadened market coverage and increased revenue streams.
- Meter Replacement Program: Reduced inaccuracies in billing, minimized water losses, and strengthened customer confidence.
- Customer Experience: Enhanced response mechanisms, better customer care, and timely reminders reduced billing-related complaints and improved payment compliance.

Challenges

While notable progress was achieved, the Company faced several challenges:

- High Non-Revenue Water (54%) remains a key concern due to system inefficiencies and aging infrastructure.

Nithi Water & Sanitation Company Ltd

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

- Pipeline Leaks and Bursts: Resulting from the integration of water from Kirege Plant into the existing distribution system.
- Infrastructure Vandalism: Cases of damage to newly constructed sewer systems strained operations and finances.
- External Factors: Road upgrading projects caused pipeline damages, while adverse weather patterns disrupted services. Droughts reduced water availability, while heavy rains and floods destroyed key pipelines.

Future Outlook

Looking ahead, the Company is committed to implementing strategic interventions to strengthen operational efficiency, financial sustainability, and service reliability:

1. Aggressive NRW Reduction Program – Enhanced leak detection, timely repair mechanisms, and pressure management.
2. Infrastructure Modernization – Gradual replacement of aged pipelines, expansion of sewer networks, and continued investment in treatment facilities.
3. Customer-Centric Initiatives – Strengthening digital platforms for billing, complaints management, and customer engagement.
4. Revenue Enhancement Strategies – Continued enforcement of cost-reflective tariffs, expansion of new connections, and innovative debt management solutions.
5. Climate Adaptation Measures – Developing resilience against droughts and floods through water resource diversification, storage infrastructure, and disaster preparedness.
6. Stakeholder Partnerships – Strengthening collaboration with County Government, development partners, and the private sector to support infrastructure development and operational improvements.

The year 2024/2025 demonstrated the Company's resilience and commitment to delivering on its mandate. Despite challenges, we registered tangible progress in water coverage, metering, revenue performance, and service delivery. With strategic interventions, we are confident of achieving sustainable growth, reducing non-revenue water, and positioning the Company as a reliable and customer-focused utility in the years ahead.



LABAN KAARA MWANIKI P.Eng.(Tech)

MANAGING DIRECTOR

7. Statement Of Performance Against Predetermined Objectives for FY 2024-2025

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County government entity's performance against predetermined objectives.

Nithi water and sanitation company ltd has 9 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023- FY 2027. These strategic pillars/ themes/ issues are as follows:

- 1) Increased urban, peri-urban and rural population accessing safe water and improved sanitation
- 2) Reduced Non-Revenue Water levels
- 3) To improve the Water and effluent quality status and assurance during the planned period
- 4) Through ICT increase revenue collection efficiency and reduce wastage/duplication of roles
- 5) Enhanced financial sustainability
- 6) Enhanced institutional capacity
- 7) Cross cutting issues mainstreamed in all the NIWASCO's operations
 - 1) Quality and reliable data
 - 2) Improved water supply hours and increased area of coverage.

Nithi water and sanitation company ltd develops its annual work plans based on the above 9 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly/Annual basis. The *Board* achieved its performance targets set for the FY 2024/2025 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Sanitation services	Improve sanitation	Sewerage coverage	Construction of Chogoria and Chuka sewerage treatment	Constructed 2 Sewerage treatment plants through Kenya Towns Sustainable water supply projects by Government of Kenya through TWWDA.
Increase access to clean drinking water	-Increase new connections - Improvement of water infrastructure in Kibung'a kakimiki scheme through support Tana	-Average registered customers -Increased water supply -Increased water coverage	-Register and connect more customers. -Change of pipeline to a larger Dia	-Connected 650 new customers. -Improved Quantity of water in lower zones of chuka karingani scheme

Nithi Water & Sanitation Company Ltd

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	water works development agency			
Reduced Non revenue water	-Reduction of water losses	Non-revenue water percentage	Rerouting of Kibung'a scheme water infrastructure	Rerouted kibung'a scheme water supply Reduced NRW to 54%
Improved water supply hours and increased area of coverage.	To Improve water supply hours and increased area of coverage.	Supply hours wand water coverage	Expansion of pipeline networks at Mwanjati and Nturia in chuka karingani schemes	Through support of tharaka nithi county government, increase in water coverage to 63%
Enhanced financial sustainability	To enhance financial sustainability	Increased water billing	Approval of water and sewer tarrif	Tariff gazette notice

8. Corporate Governance Statement

i) NIWASCO Board appointment are carried out as per corporate governance standards for the water services sector 2024. The appointments are transparent and competitive to ensure the public served has an opportunity to participate in decision-making in-service delivery that affects them.

The positions are advertised in the media, website of the NIWASCO and the county government to ensure that the criteria set out by the guideline was followed.

A Director should vacate office as per the office pursuant to Section 139 of the Act, or by special resolution by the company in General Meeting, under the Act or under section 411 of the Insolvency Act or is prohibited from being a director by law, He/she ceases to be an officer of the County Government, He/she fails without reasonable cause and without the consent of the Board to attend three (3) consecutive meetings of the Board, and/or for more than six consecutive months has been absent without the directors' permission from meetings of the Board and/or its committees, and the Board resolves that by reason of such failure he shall cease to be a director, he/she becomes a director in any other water sector institution.

Large and Very Large companies should have 9 board members where two shall be from the county government executive. In this case NIWASCO is a large company. The appointment should comprise of members with a professional mix of directors are independent directors. Directors representing the County Government Executive should be appointed in writing and be a professional member of staff of the respective County Government and it should be ensured that the appointed directors meet the technical competence criteria and any formally appointed alternates also meet this criterion. The existence of the board charter has been of high beneficial because it has set out the roles, responsibilities, and authority of the Board and its members in a clear and structured manner.

ii) Roles and functions of the board

- The board of directors must continuously approve a 5-year strategic plan that clearly states the company's, vision, mission and values and the strategies it will evolve to attain its contracted and statutory objectives.
- In evolving this strategy, the board must be aware of its role as the county government water service provision agent.
- The board of directors must approve an annual budget and ensure it is forwarded functionally to the CECM in charge of water affairs for onward processing as per the Public Finance Management Act 2012.
- The board of directors must approve an annual procurement plan in accordance with the Public Procurement and Asset Disposal Act 2015 and ensure it receives quarterly reports on its implementation.
- The board of directors must ensure that there is an annual work plan that shows on annual basis how it will implement its strategic plan.
- The board of directors must ensure that there is a service charter created that is communicated to its stakeholders and consumers in the service area, showing the standards of service to be delivered and how complaints will be addressed.

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- The board of directors must ensure that the signed code of ethics for board and staff is a living implemented document that gives life to the value of the WSP and shapes the culture of the WSP.

iii) Induction, training, and development

All directors in NIWASO should receive formal induction on their role, duties, responsibilities and obligations as well as board practices and procedures on first appointment before they begin business. This trainings involved improving understanding of the water service sector operations, deepening oversight skills in financial management different compliance

iv) Board and members' performance

The Board of Directors should be conscious of its responsibilities to shareholders, investors, suppliers, creditors, employees and the society, issue a certificate at the end of every year confirming that: It has complied with the law, It has conducted its affairs in accordance with the best principles and practices of corporate governance, To the best of the knowledge of the Board and management, no person, employee or agent acting on behalf of the company with the knowledge or authority of the, Board or management, committed any offence under the relevant corruption laws or indulged in any unethical behaviour in the conduct of the company's business, or been involved in money laundering or any practice or activity contrary to national laws, the Board shall evaluate its performance once every year and set up achievable action points to achieve assess its performance as a whole and that of individual members including the Managing director.

v) Number of Board meetings held and the attendance to those meetings by members

FULL BOARD AND SPECIAL MEETING

	Names	9/9/2 4	8/10/2 4	9/10/2 4	18/10/2 4	24/2/2 5	9/4/2 4	22/4/2 5	19/6/2 5	Meeting attended
1	Gilbert Nkonge	✓	✓	✓						3/8
2	Kennedy Mutua	✓	✓	✓	✓	✓	✓	✓	✓	8/8
3	Joseph Kilonzo	✓	✓	✓						3/8
4	Albano Kiania	✓	✓	✓	✓	✓	✓	✓	✓	8/8
5	Loise Mutua	✓	✓	✓	✓	✓	✓	✓	✓	8/8
6	Mary Murithi	✓	✓	✓	✓	✓	✓	✓	✓	8/8
7	Lawrence Rweria	✓	✓	✓	✓					4/8
8	Kinyua Kabinga		✓	✓	✓	✓	✓	✓	✓	7/8
9	Njue Njagi		✓	✓					✓	2/8 ✓
10	Magdaline Njeru				✓	✓	✓	✓	✓	5/8

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1	Risper Marangu				✓	✓	✓	✓	✓	5/8
1	Markdenis								✓	1/8
2	Mwenda									
1	Jossy Mwende								✓	1/8
3										

SUB- COMMITTEE MEETING

	Committees Names	14/8/24	18/12/24	3/4/25	3/6/25	Meeting Attended
1	Gilbert Nkonge	✓				1/4
2	Kennedy Mutua	✓				1/4
3	Joseph Kilonzo	✓				1/4
4	Albano Kiania	✓	✓	✓	✓	4/4
5	Loise Mutua		✓	✓	✓	3/4
6	Lawrence Rweria	✓				1/4
7	Kinyua Kabinga		✓	✓	✓	3/4
8	Mary Murithi	✓	✓	✓	✓	4/4
9	Njue Njagi	✓				1/4
10	Magdaline Njeru		✓	✓	✓	3/4
11	Risper Marangu		✓	✓	✓	3/4
12	Markdenis Mwenda				✓	1/4
13	Jossy Mwende				✓	1/4

During the reporting period there was 3 special meeting which was held on 8th and 18th October 2024 and 22th April 2025.

County government representatives were changed during the year and 2 new directors were recruited.

vi) Succession plan

- The shareholder must avoid a situation where all Board members retire at the same time in order to ensure institutional memory.
- In order to avoid this situation, one third of the Board members other than those from the County Governments, shall retire from office by rotation every year starting from the third year after appointment.

- The retiring members shall be determined on the basis of those who have served longest and, if they have served for the same period of time, then the retirement will be determined by lot.
- The retiring members shall be required to reapply for their positions if they are eligible for reappointment

vii) Policy to manage conflict of interest.

In order to avoid potential conflict of interest, the Board shall set up a relevant committee in which the county government has competent membership. To ensure that decisions and actions taken by the Board are made in the best interests of the Company, free from undue influence of personal, financial, or other interests. It promotes integrity, accountability, and public confidence in the governance of the water services.

viii) Board remuneration

To provide efficiency and act as an incentive to improve performance at oversight level, the board remuneration is provide in corporate governance standards for the water services sector 2024

ix) Ethics and Conduct

The directors must possess the following ethics:

- Integrity and Accountability
- Confidentiality
- Compliance with Laws and Policies
- Professionalism
- Responsible Stewardship

x) Governance audit

This is carried out every year to assess the board's performance and effectiveness, to ensure compliance with laws, regulations, and corporate governance codes, to evaluate transparency, accountability, and ethical practices, to identify gaps in governance and recommend improvements, to enhance stakeholder confidence and trust as well as promote sustainability and long-term value creation.

xi) Communication policy

The board of directors shall ensure there is a communication strategy that reaches all stakeholders and there is at least one well publicized annual stakeholders forum in the service area of the WSP where the WSP prepares the public on the appointment of new directors, reports to the public on the gains, challenges and upcoming plans for the progressive realization for the right to water in the area served. Ensure the company maintains a website that provides customer relevant information in the service area and maintains its annual report and last audited accounts on the website.

xii) Terms of Reference of Committees

The following committees are mandatory and relevant members of the top management team may be ex officio members of the committees. The recommended practice is that a board member should not sit in more than two committees.

- a. Audit Committee
- b. Technical Services Committee
- c. Finance, Human Resource and Administration Committee

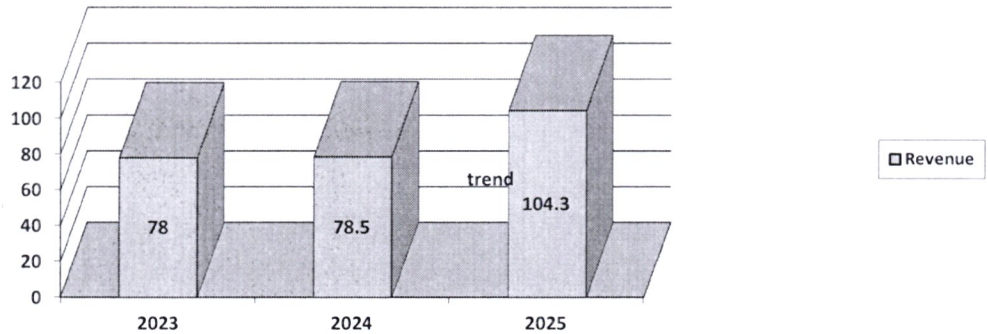
xiii) Policy on related party transactions

This policy establishes principles and procedures for identifying, reviewing, approving, and monitoring related party transactions to ensure they are conducted in a transparent, fair, and arm's length manner, consistent with good corporate governance and applicable laws.

9. Management Discussion and Analysis

Revenue/Income.

The revenue trend over the last five (3) years is as shown below;



The company key projects include the following;

- Chuka/Karingani-Operational with 7,500M³/day intake which is under rehabilitation. New T/works with a capacity of 15,000M³/day is under construction.
- Chogoria -Currently served by a chlorination point and a new T /works with a capacity of 15,000M³/day.
- Kathwana- scheme Currently being served by a newly completed T/works
- Mutonga - Currently served by a 2,000M³/day T/works
- Kibunga- Rehabilitation of water supply networks
- Chuka and chogoria sewerage treatment plants

Major risks facing the Company

- Limited resources to meet the high cost of infrastructure development to meet the high water demand in the company's area of jurisdiction.
- Increased number of community water projects mostly in Chogoria where there is mass exodus of customers to those schemes.
- Aging and dilapidated infrastructural and assets contributing to high cost of maintenance.
- Lack of sufficient funds to expand the water reticulation system as envisioned in the strategic plan.
- High Non-Revenue Water (NRW) levels.

Details on compliance with statutory requirement

- The company has complied with the statutory requirements and no material arrears which is pending.

Company future developments

- Chuka Sewerage Treatment system- Construction of a sewerage treatment plant at Ntutuni
- Chogoria Sewerage Treatment Plant - Construction of a sewerage treatment plant at Kabui
- Construction of Chogoria Water Supply Infrastructure - Construction of 2.1km raw water main
- Construction of Chuka Water Supply Infrastructure - Rehabilitation of Chuka existing twin gravity mains(Chuka Forest)
- Kathwana Scheme extensions - 30kms Dn 63mm-32mm HDPE pipeline extension and appurtenances,

Customer Base

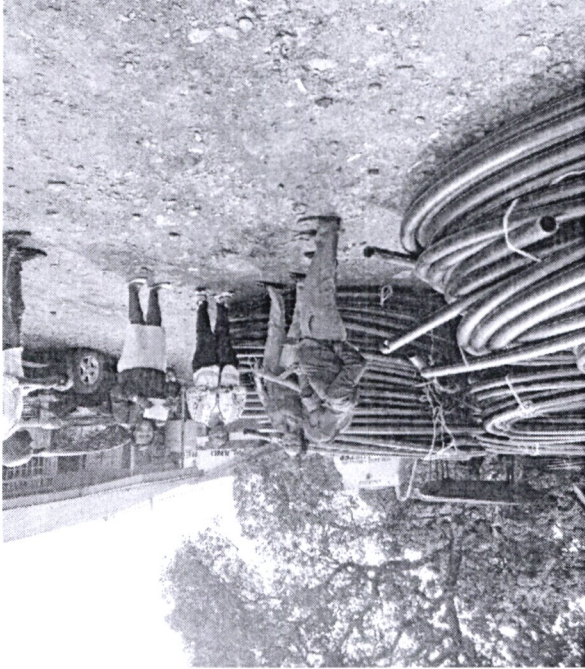
The company increased its registered connections by 650 during the year.

Assets

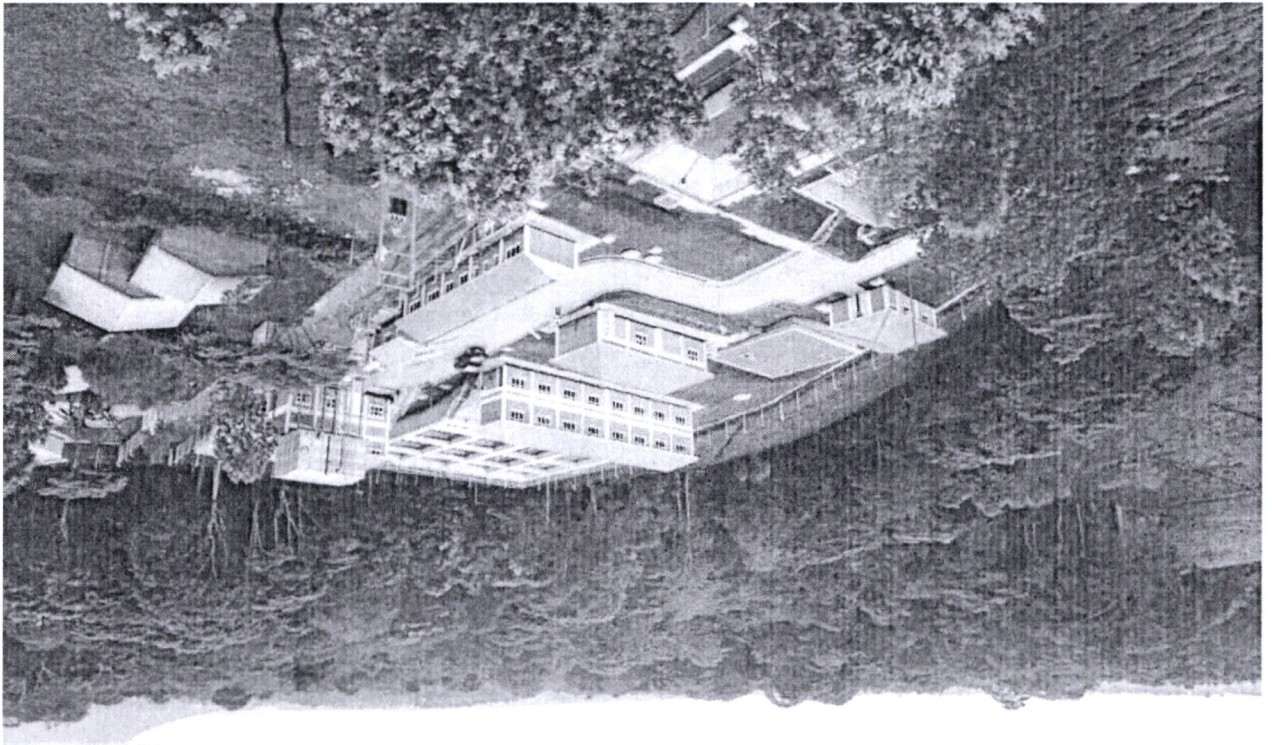
The assets maintained an upward trend as a result of purchase of water meters, pipeline extensions, Motorcycles, Motor vehicles. Some of these assets were developed through the support of Water Sector Trust fund and Tharaka Nithi County Government.

Newly Acquired Motorcycles and Motor Vehicle to improve service delivery





NIWASCO Receiving HDPE Pipes and Fittings from Tharaka Nithi county Government



Chogoria-Kibarau Treatment works

10. Environmental And Sustainability Reporting

Nithi water and sanitation company ltd exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile -

The main challenge to NIWASCO sustainability is Non-Revenue water, our strategy is to reduce NRW to the market benchmark of 25%. This will be achieved through:

- Testing and replacement of old and faulty meters.
- Pipeline extensions closer to customers to avoid long distance customer connections that attracts water theft.
- Replacement of dilapidated pipeline sections.
- Replacement of pipeline appurtenances and repair of leaking tanks.
- Replacement of stalled storage tank ball valves.

ii) Environmental performance

Water supply and sanitation in Tharaka Nithi is characterised by low levels of access, particularly in urban informal settlements and in rural areas, as well as poor service quality in the form of intermittent water supply. Wastewater and lack of basic sanitation facilities continue to undermine efforts to reduce extreme poverty and disease in the country. Seasonal and regional water scarcity exacerbates the difficulty to improve water supply. These challenges persist despite the water sector undergoing considerable reforms over the years and NIWASCO is in the forefront to mitigate these challenges.

The company policy on environmental sustainability is to carry out activities to take care of the environmental capital as follows: -

- a) All projects implemented by the company are assessed and Impact Assessment report are developed and implemented
- b) The company has implemented measures to dispose of and naturally treat waste within its area of jurisdiction to safe limits for disposal to the environment through a Decentralised Treatment Facility (DTF) located in Chuka scheme. quality of effluent from this facility is tested in our laboratories before its release to the environment. Solid waste is used to supplement soil fertility in the neighbourhood gardens/shambas

c) The company has undertaken soil protection and vegetation rehabilitation projects through WSTF J6P2 project in Kathita river.

d) The company has implemented internal exercises in catchment protection through tree planting in intakes treatment facilities and public schools.

All these is geared to environmental performance improvement

iii) Employee welfare

The success of NIWASCO as Water Services Provider is based on our staff and we seek to recruit, retain, reward and develop the best skills in our organization. We seek to continually improve through training our employees on the identified needs.

During the year the following staff we trained on their relevant areas

ICPAK -----2NO.

KISM-----1NO

Plumber/Pipe Fitter---.6NO.

NRW Management-----1NO

Customer care-----2 NO

GIS-----1NO

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

This involves ensuring fairness through avoiding discrimination during the Invitation, evaluation and award of procurement contracts. The Company will endeavour to comply with this, through:

- Formulating transparent and practical procedure manuals in tandem with the procurement laws.
- Adhering to the 30% preference and reservation guidelines on Women, Youths and Persons Living with Disabilities as stipulated in the Procurement Act and Regulations;
- Endeavouring to promote local industries and business-people through supporting the Buy-Kenya-Build Kenya Initiative by way of allocating and utilizing at least 40% of the overall annual procurement budget to the buying of locally manufactured items; and in case of services involving provision of foreign manufactured items (that are not available locally) by Kenyan firms, the local ownership in terms of shares in such firms shall not be less than 51%.

b) Responsible Supply chain and supplier relations

The Company is accountable for the use of public money through procurement, and must be able to give complete and accurate accounts of how public funds have been used and contracts awarded. This will be achieved by the following ways:

- a) Following consistent processes and procedures as provided for under the Company's procurement procedure manuals;
- b) Maintaining appropriate records and minutes relating to procurement activities that allow for subsequent review of the decision-making process;
- c) Conducting all procurement in a consistent, accurate and unbiased manner while acting in good faith.

Further the company acknowledges the importance of having a good relationship with its suppliers/vendors so as to enable a continuous supply of goods, works and services as and when required. This is why it has a credit period model of 90 days, 60 days, 30 days, and less than 30 days as spelt out in standard tender documents. Contracts such as fuel, the company strives to make payments after every two weeks as per the agreement. With other suppliers, the company strives to make payments either 30, 60 or 90 days after an invoice is received. The company has the best practise of honouring the contract terms with suppliers guided by the procurement act, regulations and other documents that forms part of procurement contract.

c) Responsible marketing and advertisement

- a. Ethics will be strictly adhered to in all aspects of procurement by ensuring that procurement and Disposal practices are devoid of actual or perceived corruption at all times. The Company is accountable for the use of public money through procurement, and must be able to give complete and accurate accounts of how public funds have been used and contracts awarded

d) Product stewardship

The Company has the responsibility to manage its resources in an effective and efficient manner and will seek the best possible outcome which will be achieved by:

- Drawing and adhering to annual procurement plans as control tools in the annual utilization of public resources within the Company. This will be done with input from all Departmental/Divisional heads;

- Basing procurement decisions, where practicable, on the total cost of ownership, rather than just consideration of the lowest price;
- Subjecting proposals and tenders solicited and received from the potential suppliers to robust evaluation processes, including benchmarking, and/or comparison of value between proposals or bids;
- Selecting procurement methods and forms of contract appropriate to the scale (value, risk and complexity) of the Company's requirements;

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

As a company we recognize our responsibility to the environment and the society in which we operate in. The company encourages its staff to actively recognize those responsibilities and to behave in a responsible manner towards the society in which we function. Some examples of how the company has shown its commitment to show responsible social behaviour are as below;

Environment

Planting of trees in the forest to improve water catchment areas

NIWASCO staff and board of directors planting trees during world water day celebrations at Marimanti.





The company held World Water Day at Marimanti



Community

- Starting income generating projects for the youth within our area of jurisdiction.
- Participating in preparations for public holidays budgets.
- Assisting in settling of bills for the poor elderly customers within our area of jurisdiction
- Constructing toilets for primary school

LABAN KAARA MWANIKI P.Eng.(Tech)

MANAGING DIRECTOR

11. Report Of the Directors

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

i) Principal activities

The principal activities of the company are provide reliable, adequate, safe and affordable water and sanitation services in areas formerly served by the GoK through Chuka, Chogoria and Karingani Water Supplies and the newly extended lower areas of Kathwana, Mutonga-Gituma and Kibunga-Kakimiki and enhance sanitation services in those areas.

ii) Results

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

iii) Dividends

The company was incorporated as a legal company under the company's Act Cap.486 law of Kenya as a public limited company guaranteed by the Government of Kenya with no shareholding but with stakeholders and thus does not declare or pay dividends to the stakeholders. Any profits made are ploughed back to finance the extension

iv) Directors

The members of the Board of Directors who served during the year are shown on page vi-vii. In accordance with Regulation 42 b & c of the company's Articles of Association, Mr Gilbert Nkongé and Mr. Joseph Kilonzo retired by rotation and were not eligible for re-election during the previous annual general meeting..

v) Auditors

The Office of the Auditor General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General carried out the audit of the Financial Statements for the year ended June 30, 2025.

By Order of the Board



Gikuhi Kiana & Company
Certified Public Secretaries
PO Box 1271-00100
NYERI-KENYA
Date: 29th August 2025

1. Statement Of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012, Companies Act 2015 and section 129 of the Water Act, 2016 require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

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

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

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

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

Statement Of Directors' Responsibilities (Continued)

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

Approval of the financial statements

The *NIWASCO's* financial statements were approved by the Board on 29th August 2025 and signed on its behalf by:



KENNEDY M. MUTUA
Board of Directors Chairperson



LABAN K. MWANIKI P.Eng(Tech)
Managing Director

REPUBLIC OF KENYA

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



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

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

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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 Nithi Water and Sanitation Company Limited set out on pages 1 to 65, which comprise of the statement of financial

position as at 30 June, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Variance in Refundable Deposits

As previously reported, the statement of financial position reflects refundable deposits and prepayments balance of Kshs.23,092,325 which comprise of customer deposits as disclosed in Note 44 to the financial statements.

However, the bank confirmation certificates and cashbooks revealed total customer deposits balance of Kshs.1,253,255, records show that Kshs.20,000,000 was invested in Treasury Bills with Central Bank of Kenya, and that the Ministry of Water had not refunded customers deposits amounting to Kshs.2,197,283. This results to total deposits of Kshs.23,450,538 leading to unexplained and unreconciled variance of Kshs.358,213.

In the circumstances, the accuracy of customers deposit balance of Kshs.23,092,325 could not be confirmed.

2. Unconfirmed Ownership of Property Plant and Equipment

The statement of financial position reflects property plant and equipment balance of Kshs.166,465,457 which includes free hold land and motor vehicles including motor cycles balances of Kshs.150,000 and Kshs.5,963,510 respectively as disclosed in Note 20 to the financial statements. However, ownership documents to the land and 12 no. motor vehicles and motor cycles were not provided for audit.

In the circumstances, the accuracy and ownership of free hold land and motor vehicles including motor cycles balances of Kshs.150,000 and Kshs.5,963,510 respectively could not be confirmed.

2. Long Outstanding Trade and Other Receivables

As previously reported, the statement of financial position reflects trade and other receivables balance of Kshs.76,683,532 which includes trade receivables balance of Kshs.60,113,937 as disclosed in Note 29 to the financial statements. Review of the trade

receivables ageing analysis revealed that a balance of Kshs.43,295,448 or 72% had been outstanding for more than one hundred and twenty (120) days.

Further, the trade and other receivables balance of Kshs.76,683,532 includes Value Added Tax recoverable balance of Kshs.38,387,203 which has remained unrecovered from the prior year.

However, although a provision for doubtful receivables balance of Kshs.23,444,436 has been made, no evidence was provided on efforts made to recover the overdue debts. This was contrary to Regulation 83(2)(f) of the Public Finance Management (County Governments) Regulations, 2015 which requires that entities pursue debtors with appropriate sensitivity and rigor to ensure that amounts receivable by the County Government are collected and banked promptly.

In the circumstances, the recoverability of the long outstanding receivables balance of Kshs.43,295,448 could not be confirmed.

3. Long Outstanding Trade and Other Payables

As previously reported, the statement of financial position reflects trade and other payables balance of Kshs.41,184,095 which includes trade payables balance of Kshs.18,136,684 as disclosed in Note 43 to the financial statements. Review of the trade payables ageing analysis showed that a total balance of Kshs.18,136,684 or 55% of the outstanding trade payables had been outstanding for over one hundred and twenty (120) days. Further, the trade and other payables balance of Kshs.41,184,095 includes other payables balance of Kshs.20,152,508 which has not been analyzed.

Management did not provide an explanation for failing to settle the long outstanding creditors. Failure to settle obligations as and when they fall due exposes the company to litigation and interest claims from creditors.

In the circumstances, the accuracy and completeness of other payables balance of Kshs.20,152,508 could not be confirmed. In addition, the Company is exposed to possible legal actions and increased costs due to interests and penalties on delayed payments.

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

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 matters described in

the Basis for Qualified Opinion Section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matter

In the audit report of the previous year, an issue on lack of gender and ethnic diversity was raised under report on Lawfulness and Effectiveness in Use of Public Resources. It was observed that out of the seventy-six (76) staff, fifty-two (52) were male and it was also observed that sixty-eight (68) were from the dominant community. However, the issue remained unresolved as at 30 June, 2025 contrary to Section 149 (2) (I) of Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on pages ii to xxxv which comprise of Company information and overall performance, statement of performance against Company's predetermined objectives, environmental and sustainability reporting and statement of Company's Management 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 and 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unconfirmed Name of the Company

The financial statements submitted for audit bear the name 'Nithi Water and Sanitation Company Limited. However, the Certificate of Incorporation dated 25 March, 2025 gives the name of the company as 'Tharaka Nithi Water and Sanitation PLC'. This implies that the Company under audit is not clear.

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

2. Non-Compliance with WASREB Guidelines on Shareholding of the Company

As previously reported, the statement of financial position reflects Nil ordinary share capital. This is contrary to Section 3.3.1(7) of Water Service Regulatory Board (WASREB) Corporate Guidelines, 2018 which states that under the direction of Section 77 of the Water Act, 2016, these Companies should then change their Memorandum to Public Companies Limited by shares following the model for the sector, care being taken that real public participation in WSP governance is retained and Section 3.3.1(4) of Water Service Regulatory Board (WASREB) Corporate Guidelines, 2018 which states that the county government shall hold all the shares in trust for the people of the County and the other shareholders who hold the shares in trust and not in their personal capacity are the Office of CECM in charge of Finance, the Office of the CECM in charge of water and the County Secretary who shall hold one share each.

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

3. Non-Revenue Water

As previously reported, the statement of profit or loss and other comprehensive income reflects operating revenue amount of Kshs.104,383,977 which includes water sales amount of Kshs.101,286,754 as disclosed in Note 6 to the financial statements.

Review of records on water production revealed that the Company produced a total volume of 2,662,811m³ of water during the year under review. However, only 1,191,371m³ or 45% of the total volume was billed to customers. The balance totaling 1,471,440m³, or approximately 55% of total production was Non-Revenue-Water (NRW) which is above the allowable loss of 25% set in Guidelines issued by the Water Services Regulatory Board (WASREB).

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

4. Non-Compliance with Fiscal Responsibility Principle on Wage Bill

As previously reported, the statement of profit or loss and other comprehensive income reflects staff costs amount of Kshs.44,275,375 which is 36% of total operation and maintenance cost of Kshs.120,339,867 contrary to Paragraph 3.2 of the Performance Report of Kenya's Water Service Sector 2020/2021 from WASREB, issue Number 14/2022 on Performance Analysis and Ranking under economic efficiency which states

that the personnel expenditure for any Company ranked as large Company should not exceed 30% as percentage of operation and maintenance cost.

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 except for the matters described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages xxxii to xxxiii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 26 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 the Board of Directors

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

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

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

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

The Board of Directors 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 ISSAIs 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

24 October, 2025

3. 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	104,383,977	78,538,724
Grants Income	7	4,002,025	2,198,564
Other Income	8	9,463,230	1,900,605
Finance income	9	3,542,729	-
Other gains/(losses)	10	-	-
Total Revenue		121,391,961	82,637,893
Expenses			
Staff Costs	11	44,275,375	38,454,709
General and Operations expenses	12	40,523,677	34,196,327
Board Expenses	13	7,274,247	3,789,278
Maintenance Expenses	14	13,180,730	11,783,284
Depreciation and Amortization expenses	15	15,085,838	13,365,942
Finance Costs	16		
Total Expenses		120,339,867	101,589,540
Profit/(Loss) Before Taxation		1,052,094	(18,951,647)
Income Tax Expense/(Credit)	17		-
Profit/(Loss) After Taxation		1,052,094	(18,951,647)
Earnings Per Share – Basic and Diluted	18	-	-
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		1,052,094	(18,951,647)
Surplus or deficit on revaluation of PPE		-	-
Measurement of net defined benefit liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)			
Total Comprehensive Income for The Year		1,052,094	(18,951,647)

4. Statement Of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	166,465,457	162,739,522
Intangible assets	21	624,303	936,454
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
Total non-current assets		167,089,760	163,675,975
Current assets			
Inventories	28	10,893,872	4,726,355
Trade and receivable	29	76,683,532	82,738,863
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Prepayments	32	-	-
Bank and cash balances	33	46,429,228	31,330,670
Total non-current assets		134,006,632	118,795,888
Total Assets		301,096,392	282,471,863
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	34	-	-
Revaluation reserve	35	-	-
Fair value adjustment reserve	36	-	-
Retained earnings	37	(28,767,528)	(29,819,623)
Capital grant to WSTF	49	248,833,421	237,090,403
Capital and Reserves		220,065,893	207,270,780
Non-current liabilities			
Deferred tax liability	38	-	-
Borrowings	39	-	-

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	Note	2024-2025	2023-2024
		Kshs	Kshs
Lease liability	40	-	-
Provisions	41	-	-
Retirement benefits	42	-	-
Total non-current liabilities		-	-
Current liabilities			
Borrowings	39	-	-
Lease liability	40	-	-
Provisions	41	-	-
Retirement benefit obligations	42	-	-
Trade and other payables	43	41,184,095	41,999,858
Refundable deposits and Prepayments	44	23,092,325	21,451,825
Deferred income	45	16,754,079	11,749,400
Dividends payable	46	-	-
Taxation	47	-	-
Total current Liabilities		81,030,499	75,201,083
Total Equity and Liabilities		301,096,392	282,471,863

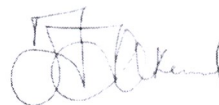
The financial statements were approved by the Board on 29th August 2025 and signed on its behalf by:



Laban.K.mwaniki
Managing Director



Irene W. Kithaka
Head of Finance
ICPAK M/No:26402



Kennedy M. Mutua
Chairman of the Board

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

	Notes	Ordinary share capital	Revaluation reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2023 (Previous FY)		-	-	(10,867,976)	-	237,090,403	226,222,427
Profit for the year		-	-	(18,951,647)	-	-	(18,951,647)
Capital/Development grants received during the year		-	-	-	-	-	-
As at June 30, 2024 (Previous FY)		-	-	(29,819,623)	-	237,090,403	207,270,780
As at July 1, 2024 (Current FY)	18	-	-	(29,819,623)	-	237,090,403	207,270,780
Profit for the year		-	-	1,052,094	-	-	1,052,094
Capital/Development grants received during the year	19	-	-	-	-	11,743,018	11,743,018
At June 30, 2025 (Current FY)	18	-	-	(28,767,528)	-	248,833,421	220,065,893

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

	Note	2024-2025	FY 2023/2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	48(f)	110,439,308	76,749,657
Grants Income	7	4,002,025	2,198,564
Finance Income	9	3,542,729	-
Other Income	8	9,463,230	1,900,605
Customer Deposits		1,663,500	1,745,500
Total Receipts		129,110,792	82,594,326
Payments			
Staff Costs	48(f)	46,299,864	36,308,965
General And Operation Expenses	48(f)	45,482,466	26,676,021
Board Expenses	13	7,274,247	3,789,278
Maintenance Expenses	14	13,180,730	11,783,284
Finance Costs		-	-
Refund Of Customer Deposits		23,000	-
Total Payments		112,260,307	78,557,548
Net Cash From/ (Used In) Operating Activities	48	16,850,485	4,036,778
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)	20	(18,499,624)	(5,731,223)
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Purchase Of Investment Property		-	-
Purchase Of Quoted Investments		-	-
Proceeds From Disposal of Quoted Investments		-	-
Net Cash From/ (Used In) Investing Activities		(18,499,624)	(5,731,223)
Cash Flows from Financing Activities			
Increase in WSTF Capital Grant		11,743,018	-
Increase in Deferred grant income		5,004,679	11,749,400
Net Cash From/(Used In) Financing Activities		16,747,697	11,749,400
Increase/(Decrease) In Cash and Cash Equivalents		15,098,558	10,054,956
Cash And Cash Equivalents At Beginning of Year		31,330,670	21,275,714
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End of the Year	33	46,429,228	31,330,670

Nithi Water and Sanitation Company Ltd
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2. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*	-	-	-	-	-	
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	%
Operating revenue	120,000,000	(9,296,141)	110,703,859	110,439,308	(264,551)	100
Non operating revenue					-	
Grants	29,852,629	(10,136,526)	19,716,103	20,752,025	1,035,922	105
Finance Income	1,920,000	1,622,729	3,542,729	3,542,729	-	100
Other income	44,010,473	(34,438,973)	9,571,500	9,463,230	(108,270)	99
Total Receipts	195,783,102	(52,248,911)	143,534,191	144,197,292	663,101	
Payments						
Staff cost	58,133,496	(6,839,332)	51,294,164	46,299,864	4,994,300	90
Board expenses	4,734,927	3,382,726	8,117,653	7,274,247	843,406	90
General and operation expenses	52,005,287	(1,648,018)	50,357,269	45,482,466	4,874,803	90
Maintenance	31,062,191	(16,453,337)	14,608,854	13,180,730	1,428,124	90
Finance cost	-				-	
Total Recurrent Expenditure	145,935,901	(21,557,961)	124,377,940	112,237,307	12,140,633	90
Total Payments	195,783,102	(52,248,911)	143,534,191	130,736,931	12,797,260	91
Capital expenditure Payments	49,847,201	(30,690,950)	19,156,251	18,499,624	656,627	97
SURPLUS	-	-	-	13,460,361		

Notes on Differences of Grants Income in the Statement of Comprehensive Income

- ❖ Grants income in the Statement of Comprehensive income is Kshs.3,866,285 which relates to In kind donations from county government kshs.3,863,982 and Ksh,2,303 recurrent grants. However, in the Statement of Budget & Actual the Grants income totals to Kshs.20,616,285 which includes Kshs. 16,750,000 which has been recognised as Deferred grant income received during the year.

Notes on Changes of Original Budget V/S Final/ Revised Budget

- ❖ Other incomes change from Kshs 44,010,473 to Kshs. 9,571,500 was due to anticipated collection of water sale arrears, our billing software does not separate collection from arrears with current month collection. Further our reporting is done on accrual basis.
- ❖ Operating revenue change from Kshs. 120,000,000 to Kshs.110,703,859 was as result of public resistance and political pressure due to changes in the water tariffs and sewer billing.
- ❖ Grants changes from Kshs.29,852,629 to 19,716,103 was as a result of Less county Donor funding.
- ❖ Finance income changes from Kshs, 1,920,000 to kshs.3,542,729 was due to investment of more customer deposits in the central bank treasury bills.
- ❖ Staff cost changes from Kshs. 58,133,496 to Kshs. 51,294,164 was because of some of the Sewerage staff who were never recruited, The sewerage system was completed within the year but it was not fully operational. Also, staff team building activities, Medical insurance cover and Staff sports which were never done due to financial constraints.
- ❖ Board expenses change from Kshs. 4,734,927 to Kshs. 8,117,653 was due to Board evaluation exercise, 2 No corporate governance trainings due to change of WASREB corporate governance which changed BOD membership from 7 to 9 members for Large companies.
- ❖ Maintenance expenses change from Kshs. 31,062,192 to Kshs. 14,608,854 was as a result of financial constraints due to public resistance from change in water tariff structures, the company had targeted to carry out various infrastructure reinstatement which was never done.
- ❖ Capital expenditure change from Kshs. 49,847,201to Kshs. 19,156,251 was due to Lack of enough funds. We had targeted to get finances from WSTF and Tharaka nithi County government for purchase of water meters, pipeline extensions and rehabilitations which were never received during the period.

Notes on differences arising from differences of the accounting framework.

Our financial statements are prepared in accordance with accrual basis of accounting hence some of the costs are not included in the budget which is prepared in accordance with cash basis of accounting. Due to this accounting framework Depreciation and amortisation of kshs. 15,085,838 was not included in the Statement of Comparison of Budget & Actual amounts.

3. Notes To the Financial Statements

1. General Information

Nithi Water and Sanitation Company Ltd is established by and derives its authority and accountability from Water Act. The Company is wholly owned by the Tharaka Nithi County Government and is domiciled in Kenya. The Company's principal activity is provision of water and sanitation services. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

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

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

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

Notes to the financial statements (continued)

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

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

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

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

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

impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows...)

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

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

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

iii. Early adoption of standards

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

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Buildings and civil works	40	2.5%
Infrastructure works	40	2.5%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3.33	30%
Office equipment, furniture and fittings	8	12.5%
Water Meters	5	20%

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

e) Intangible assets

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

f) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount. The amortization rate is 33.33333% pa.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized. ⁽⁰⁶⁾

Summary of Accounting Policies

h) Right of Use Asset

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

i) Biological Assets

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

j) Fixed interest investments (bonds)

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

k) Quoted investments

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

Summary of Accounting Policies

l) Unquoted investments

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

m) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor 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.

n) Trade and other receivables

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

o) Taxation

i) Current income tax

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

p) Deferred tax

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

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

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

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

q) Borrowing costs

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

r) Cash and cash equivalents

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

Restricted cash

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

s) Borrowings

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

t) Trade and other payables

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

u) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2012. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

x) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 27th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of 52.2 M on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the

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

y) Service concession arrangements

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

z) Comparative figures

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

aa) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20xx.

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Provisions shall be made for bad and doubtful debts at the following rates:

Period Outstanding	Percentage Provision
241-360 days (8-12 months)	10%
Over 1 year	25%
Over 2 years	50%

Notes to the financial statements (continues)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	101,286,754	72,232,324
Sewerage Services	2,206,723	-
Billing for other services*	890,500	6,306,400
Total	104,383,977	78,538,724

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Operational grants from Government entities	-	-
Recurrent/operational grants from other agencies	2,303	600
Capital grants amortised	-	-
Donations In kind from County Governments	3,999,722	2,197,964
In Kind contribution/donations from other agencies	-	-
Total	4,002,025	2,198,564

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2023-2024 KShs
TNCG	3,999,722	-	-	3,999,722	-
WSTF	2,303	16,754,080	11,743,018	28,499,401	11,749,400
Total	4,002,025	16,754,080	11,743,018	32,499,123	11,749,400

Notes to the financial statements (continued)

8. Other Income

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Sale of Tender	-	-
Exhauster Services	425,700	827,500
Connection fees	1,057,000	353,500
Fitting fee	247,200	461,300
Fine and penalties	1,020,000	147,700
Late Payment	2,540,000	-
Decrease in provision for bad & Doubtful debts	3,990,600	-
Miscellaneous income (Owner's disconnection fee/ meter relocation)	182,730	110,605
Total	9,463,230	1,900,605

9. Finance Income

	<i>2024-2025</i>	<i>2023-2024</i>
Description	Kshs	Kshs
Interest income from treasury bonds	-	-
Interest income from treasury bills	3,542,729	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	-	-
Interest on staff loans	-	-
Dividends	-	-
Total	3,542,729	-

10. Other Gains and Losses

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

11. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary and Allowances	39,294,291	35,147,596
Casual workers' Wages	552,000	487,300
Medical insurance schemes	-	-
Employer's contributions to social security schemes	1,843,157	1,090,902
Employer's contributions to pension scheme	1,768,784	1,309,331
Provisions for Leave pay	-	-
Gratuity provisions	-	-
Fringe Benefit tax	-	-
Staff welfare	159,200	86,400
Housing Levy	624,943	330,180
Medical Expense	33,000	3,000
Other allowances	-	-
Total	44,275,375	38,454,709
The average number of employees during the year	84	76

12. General and Operations Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chemicals	3,867,984	2,423,257
Electricity	577,070	660,895
Fuel, oil, lubricants, and gases	4,341,027	5,080,452
Bulk water Costs	-	-
Office supplies	254,234	157,381
Uniform and protective clothing	1,234,730	902,400
Telecommunication	1,827,182	1,594,839
Postage and courier	48,887	33,820
Water and sewerage	-	-
Insurance	766,313	918,736
Rent and Rates	420,000	394,956
Hire of Equipment and vehicles	20,000	65,500
Claims and compensation	-	-
Pro-Poor Unit Activities	1,000	68,300
Domestic Traveling and subsistence	12,104,580	9,057,209
Foreign travel and accommodation	-	-
Staff training and development	296,050	120,050
Bank Charges	330,502	272,064
Security services	2,621,905	2,551,800
Agency commissions	-	-
Publicity, advertising & Stationaries	1,269,276	1,394,897
Audit fees	232,000	232,000
Legal fees	35,000	-
Consultancy fees	920,353	841,372
Licensing and levies	4,870,575	3,297,799
Sports and recreation	448,990	20,570
Stakeholders' expenses	1,051,970	926,669
Donations/CSR	-	81,000
Hospitality expenses	2,984,049	2,500,656
Research and Development	-	-
Conservation expenses	-	-
Increase in Provision for doubtful debts	-	599,706
Others (Specify)	-	-
Total	40,523,677	34,196,328

Notes to the financial statements (continued)

13. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Chairman Honoraria	-	
Sitting allowances	2,189,629	1,637,243
Medical Insurance	-	-
Induction and Training	3,856,018	1,709,035
Travel and accommodation	744,600	191,000
Other allowances	484,000	252,000
Total Board Expenses	7,274,247	3,789,278

14. Maintenance Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Plant and Equipment	1,250,681	460,220
Buildings	694,798	222,072
Infrastructural networks	7,311,492	8,204,285
Grounds	-	-
Motor vehicles	3,370,839	2,163,696
Software	406,220	391,511
ICT (Information Communication Technology)	146,700	81,500
Furniture	-	-
Water Meter maintenance costs	-	260,000
Maintenance of access roads	-	-
Total Maintenance Expenses	13,180,730	11,783,284

15. Depreciation and Amortization Expenses

Description	Insert	2023-2024
	Current FY	
	KShs	KShs
Property, plant, and equipment	14,773,687	12,897,715
Right of Use Assets	-	-
Intangible assets	312,151	468,227
Investment property carried at cost		-
Total Depreciation and Amortization	15,085,838	13,365,942

16. Finance costs

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

17. Income Tax Expense/(Credit)

Current taxation

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

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

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

18. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs. 0 (2024 - 2025: KShs. 0) by the average number of ordinary shares in issue during the year of 2024 - 2025 (KShs. 0). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

19. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM which was held before the end of 2024, a final dividend in respect of the year ended June 30, 2025 of Kshs. 0 (2025: Kshs. 0) for every ordinary share of par value of KShs. 0 is to be proposed. An interim dividend of Kshs. 0 (2025: Kshs. 0) for every ordinary share of par value of KShs. 0 was declared and paid during the year. This will bring the total dividend for the year to KShs. 0 (2025: KShs. 0).

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20. Property, Plant and Equipment

2024/2025	Freehold Land	Water meters	Buildings & civil works	WTP, lab Equipment Stools	Motor vehicles, including, motor cycles	Computers S related equipment	office equipment furniture S fittings	Pipelines S Extensions	Meter testing machine	WSTF Tank Sanitation block	Totals
DepreciationRate		20.0%	2.5%	12.5%	25.0%	30.0%	12.5%	12.5%	12.5%	2.5%	
COST OR VALUATION											
As at July 1,2023		28,499,654	911,189	1,528,244	13,184,068	3,874,975	3,787,376	121,426,058	398,275	119,884,451	293,494,291
Additions		1,004,500.00	-	-	-	175,000.00	40,000.00	4,511,723.00	-	-	5,731,223.00
As at June 30,2024		29,504,154	911,189	1,528,244	13,184,068	4,049,975	3,827,376	125,937,781	398,275	119,884,451	299,225,514
Additions	150,000	4,312,971	-	50,000	6,690,000	255,776	-	7,040,877	-	-	18,499,624
As at June 30,2025	150,000	33,817,125	911,189	1,578,244	19,874,068	4,305,751	3,827,376	132,978,658	398,275	119,884,451	317,725,138
DEPRECIATION											
As at July 1,2023		18,316,300	287,916	897,257	11,502,274	3,171,401	2,092,867	69,082,204	330,363	17,907,694	123,588,276
Charge for the year		2,237,571	15,582	78,873	420,449	263,572	216,814	7,106,947	8,489	2,549,419	12,897,716
As at June 30,2024	-	20,553,871	303,498	976,130	11,922,722	3,434,973	2,309,681	76,189,152	338,852	20,457,113	136,485,992
Charge for the year	-	2,652,651	15,192	75,264	1,987,837	261,233	189,712	7,098,688	7,428	2,485,683	14,773,689
As at June 30,2025	-	23,206,522	318,691	1,051,395	13,910,559	3,696,207	2,499,393	83,287,840	346,280	22,942,797	151,259,681
NET BOOK VALUE											
As at June 30,2025	150,000	10,610,604	592,498	526,849	5,963,510	609,544	1,327,983	49,690,818	51,995	96,941,654	166,465,457
As at June 30,2024	-	8,950,284	607,691	552,114	1,261,346	615,002	1,517,695	49,748,629	59,423	99,427,338	162,739,522

[Included are figure for both previous and current Financial year]

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
land	150,000	-	150,000
Water meters	33,817,125	23,206,522	10,610,603
Buildings & civil works	911,189	318,691	592,498
WTP, lab Equipment \$tools	1,578,244	1,051,394	526,850
Motor vehicles, including, motor cycles	19,874,068	13,910,558	5,963,510
Computers \$related equipment	4,305,751	3,696,207	609,544
Office equipment, furniture, and fittings	3,827,376	2,499,392	1,327,984
Pipelines \$ Extensions	132,978,658	83,287,840	49,572,046
Meter testing machine	398,275	346,280	51,995
WSTF Tank \$sanitation block	119,884,451	22,942,796	96,941,655
Totals	317,725,138	151,259,681	166,465,457

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

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

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21. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At July 1	3,833,724	3,833,724
Additions	-	-
Disposals	-	-
At June 30	3,833,724	3,833,724
Amortization		
At July 1	2,897,270	2,429,043
Charge for the year	312,151	468,227
Disposals		
Impairment loss		
At June 30	3,209,421	2,897,270
Net book value		
At June 30	624,303	936,453

22. Investment Property

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

23. Right-of-use assets

	<i>Buildings</i>	<i>Plant</i>	<i>Equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2023	-	-	-	-
Additions	-	-	-	-
As at 30 June 2024	-	-	-	-
Additions	-	-	-	-
As at 30 June 2025	-	-	-	-
Accumulated Depreciation				
As at 1 July 2023	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2024	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2025	-	-	-	-
Carrying Amount				
As at 30 June 2024	-	-	-	-
As at 30 June 2025	-	-	-	-

24. Biological Assets

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

25. Fixed Interest Investments (Bonds)

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Bond	-	-
AB Corporate Bond	-	-
CD Corporate Bond	-	-
Total	-	-

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

26. Quoted Investments

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

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Name of entity where investment is held	No of shares			Nominal value of shares/purchase price	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year	Prior year
					Shs	Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

27. Unquoted Investments

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

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Name of entity where investment is held	No of shares			Nominal value of shares/ purchase price	Value of shares less impairment	Value of shares less impairment
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-
	-	-	-	-	-	-

28. Inventories

	2024-2025	2023-2024
	Kshs	Kshs
General stores	-	-
Chemicals & Laboratory items	86,430	-
Water Pipes, fittings and Accessories	4,433,661	3,064,926
Water meters	5,954,762	1,069,124
Uniform and protective clothing	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Goods in transit	-	-
Stationery and general stores	419,019	592,305
Finished goods	-	-
Others specify	-	-
Work in progress	-	-
Less: Impairment of stocks	-	-
Total	10,893,872	4,726,355

28. a) Inventory movement details

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

29. Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables (note (29a))	60,113,937	70,346,247
Deposits and prepayments	1,626,828	1,249,749
VAT (Value Added Tax) recoverable	38,387,203	38,387,203
Staff receivables (note 29 (c))	-	190,700
Other receivables	-	-
Gross trade and other receivables	100,127,968	110,173,899
Provision for bad and doubtful receivable	(23,444,436)	(27,435,036)
Net trade and other receivables	76,683,532	82,738,863
Analysed as:		
Short- Term Trade and Other Receivables	-	-
Long- Term Trade and Other Receivables	-	-

29. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	60,113,937	70,346,247
Provision for doubtful receivables	(23,444,436)	(27,435,036)
Net trade receivables	36,669,501	42,911,211
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	10,192,338	4,991,605
Between 30 and 60 days	3,732,435	2,681,889
Between 61 and 90 days	1,533,133	2,051,888
Between 91 and 120 days	1,360,584	1,503,984
Over 120 days	43,295,448	59,116,881
Total	60,113,937	70,346,247

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

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

29. (c) Staff Receivables

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

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

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

30. Tax Recoverable

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

[Provide short appropriate explanations as necessary]

31. Short Term Deposits

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

32. Prepayments

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

33. Bank and Cash Balances

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Cash at bank	46,062,209	30,627,963
Cash in hand	11,061	606
Mobile money account	355,958	702,101
	46,429,228	31,330,670

Detailed analysis of the cash and cash equivalents

		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
Current account			
Co-operative Bank	01120057875100	351,137	542,263
Kibung'a Water Scheme- Family Bank	054000005545	-	-
Mutonga- Gituma W/scheme-Family Bank	054000005544	60,831	24,358
WSTF 8th call Chukakaringani project- Family Bank	054000010530	95,880	1,204,614
Conditional Liquidity Support grant II- Equity	0210284224657	16,754,080	11,749,400
Sub- total		17,261,928	13,520,635
Savings Accounts			
KCB – Customer Deposits	1125258373	1,253,255	2,196,045
Kenya Commercial bank-Chuka Collection	1219598690	214,350	85,535
Post Bank- Collection	0744130012008	290,475	62,646
Kenya Commercial Bank- Investment	1158014856	85,540	85,540
Co-operative bank of Kenya ltd-Collection	01100057875100	40,555	121,187
Family Bank Limited- Chuka Collection acc.	054000004855	332,368	98,421
Family Bank-Kathwana Customer Deposits	54000005527	-	-
Equity Bank Collection Account	0210282860783	777,907	204,692
Equity Bank Escrow Account	0210185387268	5,805,831	221,944
Sub- total		8,800,281	3,076,010
Investment in Treasury Bills			
Central Bank	238608-0004	20,000,000	14,031,318
Others			-
Sub- total		20,000,000	14,031,318
Sub- total		46,062,209	30,627,963
Others(specify)			
Cash in hand	Petty cash	11,061	606
Mobile money accounts-M-PESA	PAYBILL:901325	222,480	642,829
Mobile money accounts-M-PESA	PAYBILL:802064	133,478	59,272
Sub- total		367,019	702,707
Grand total		46,429,228	31,330,670

34. Ordinary Share Capital

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Authorized:		
NIWASCO ordinary shares of Kshs. par value each	-	-
Issued and fully paid:		
NIWASCO ordinary shares of Kshs. par value each	-	-

35. Revaluation Reserve

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

36. Fair Value Adjustment Reserve

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

37. Retained Earnings

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

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Balance at beginning of the year	(29,819,623)	(10,867,975)
Adjustment	-	-
Retained Earnings for the year	1,052,094	(18,951,647)
Total retained Earnings/ Accumulated Losses	(28,767,528)	(29,819,623)

38. Deferred Tax Liability

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

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

The movement on the deferred tax account is as follows:

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

39. Borrowings

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

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

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

Description	<i>2024-2025</i>	<i>2023-2024</i>
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

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40. Lease Liability

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

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

41. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

Provisions details

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

42. Retirement Benefit Obligations

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

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2012, the scheme is administered by County Pension Fund.

Notes to the financial statements (continued)

	2024-2025	2023-2024
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	60 years	60 years

Recognition of Retirement Benefit Asset/ Liability

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

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

b) Amounts recognised in the Statement of Financial Position

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

Notes to the financial statements (continued)

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

43. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	18,136,684	20,293,168
Accrued expenses	1,686,542	2,404,187
Employee payables	1,208,361	3,232,850
Other payables	20,152,508	16,069,652
Total	41,184,095	41,999,858

Aging Analysis for Trade and other Payables

	2024-2025	% of the total	2023-2024	% of the total
Less than 30days	994,353	5.48%	1,566,212	7.72%
30 days	1,870,639	10.31%	686,082	3.38%
60 days	4,076,833	22.48%	400,250	1.97%
90 days	1,278,149	7.05%	394,580	1.94%
Over 120days	9,916,710	54.68%	17,246,805	84.99%
Total	18,136,684	100%	20,293,168	100%

44. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits	23,092,325	21,451,825
Prepayments by customers	-	-
Retention/Contract deposits	-	-
Others (Specify)	-	-
Total	23,092,325	21,451,825

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025		% of the total	2023-2024	% of the total
Under one year	1,640,500		7.10%	1,745,500	8.14%
1-2 years	1,745,500		7.56%	1,892,500	8.82%
2-3 years	1,892,500		8.20%	2,094,000	9.76%
Over 3 years	17,813,825		77.14%	15,719,825	73.28%
Total	23,092,325		100%	21,451,825	100%

45. Deferred Income

Description	2024-2025	2023-2024
	<i>KShs</i>	<i>KShs</i>
National/County government	-	-
Water Sector Trust Fund	16,754,079	11,749,400
Public contributions and donations		
Total deferred income	16,754,079	11,749,400

The deferred income movement is as follows:

	County government	Water Sector Trust Fund	Public contributions and donations	Total
Balance brought forward	-	11,749,400	-	11,749,400
Additions	-	16,750,000	-	16,750,000
Transfers to Capital fund	-	(11,743,018)	-	(11,743,018)
Transfers to income statement	-	(2,303)	-	(2,303)
Other transfers	-	-	-	-
Balance carried forward	-	16,754,079	-	16,754,079

46. Dividends Payable

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

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

Dividend Payable analysis

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

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Notes to the financial statements (continued)

47. Taxation

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

48. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	1,052,094	(18,951,647)
Depreciation	14,773,687	12,897,715
Amortization	312,151	468,227
(Gain)/loss on disposal of property, plant and equipment		-
Operating profit/(loss) before working capital changes	16,137,932	(5,585,705)
Working capital changes:		
(Increase)/decrease in inventories	(6,167,516)	800,462
(Increase)/decrease in trade and other receivables	6,055,331	(1,789,068)
Increase/(decrease) in trade and other payables	(815,762)	8,865,588
Increase/(decrease) in Customer Deposits	1,640,500	1,745,500
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/ (used in) operation	16,850,485	4,036,777
(b) Analysis of changes in loans		
Balance at beginning of the year	-	-
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Foreign exchange (gains)/losses	-	-
Accrued interest	-	-
Balance at end of the year	-	-

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	2024-2025	2023-2024
	Kshs	Kshs
(c) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	46,418,167	31,330,064
Cash in hand	11,061	606
Balance at end of the year	46,429,228	31,330,064
(d) Analysis of interest paid		
Interest on loans	-	-
Interest on bank overdraft	-	-
Interest on lease liabilities	-	-
Interest on loans capitalised	-	-
Balance at beginning of the year	-	-
Balance at end of the year (note 35(b))	-	-
Interest paid	-	-
(e) Analysis of dividend paid		
Balance at beginning of the year	-	-
20xx dividends paid	-	-
20xx dividends paid	-	-
20xx interim dividends paid	-	-
Balance at end of the year	-	-
Dividend paid	-	-

(f) Explanation on the Statement of Cash flows figures adjustments (IAS7-19)

- (i) Operating receipts have been obtained by taking Operating income of Kshs. 104,383,977 Add decrease in trade & other receivables Kshs. 6,055,331.
- (ii) Customer deposits shows all the receipts for the whole year.
- (iii) General & operation expenses of Kshs. 45,482,466 have been obtained by taking kshs.40,523,677 Less Decrease in trade & other payables (Total payables without employee payables) of Kshs.1,208,727, Add Increase in inventory of Kshs. 6,167,516.
- (iv) Staff costs of Kshs. 46,299,864 have been obtained by taking Kshs.44,275,375 Add, decrease in Employee payables of Kshs. 2,024,489 see note. 42.

Notes to the financial statements (continued)

Other Disclosures

49. Related Party Disclosures

County Government of Tharaka Nithi

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

Other related parties include:

- The County Department in charge of Water
- County Government of Tharaka Nithi
- Tana Water works Agencies
- WASREB (Water Services Regulatory Board)
- WRA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies		
Water sales to Govt. agencies	8,850,556	7,431,473
Interest income from Govt Commercial Banks	-	
Interest income from T-bills and Bonds	3,542,729	
Others (Specify)		
Total	12,393,285	7,431,473
b) Purchases from related parties		
Purchase of power from govt service providers	577,070	660,895
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	218,400	15,000
Bank charges paid to Govt Commercial banks	21,179	272,064

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	2024-2025	2023-2024
	Kshs	Kshs
Levies Due to WRA	-	-
Levies Due to WASREB	4,394,856	3,141,549
Total	5,211,505	4,089,508
b) Grants from the Government		
Grants from National Govt Agencies	16,750,000	11,750,000
Grants from County Government- Inkind	3,999,722	2,197,964
Donations in kind	-	-
Total	20,749,722	13,947,964
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for TNCG employees	-	-
Payments for goods and services for	-	-
Total		
d) Key management compensation		
Directors' emoluments	7,274,247	3,789,278
Compensation to key management	2,562,255	1,669,633
Total	9,836,502	5,458,911

50. Capital Grants

Capital Grants are obtained from Government and Government Agencies

	2024-2025	2023-2024
	Kshs	Kshs
Balance brought forward	237,090,403	237,090,403
Capital Grants from Deferred grant income B/F	11,743,018	-
Received during the year		-
Total	248,833,421	237,090,403

These are Capital works funded by the government agencies

51. Contingent Assets and Liabilities

Contingent Assets

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

Contingent Liabilities

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

52. Financial Risk Management

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

Notes to the financial statements (continued)

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2024				
Trade Receivables	60,113,937	10,192,338	49,921,599	-
Other Receivables	40,014,031	1,626,828	38,387,203	-
Investments	-	-	-	-
Bank balances	46,418,167	46,418,167	-	-
Total	146,546,135	58,237,333	88,308,802	-
At 30 June 2024				
Receivables	70,346,247	4,991,605	65,354,642	-
Other Receivables	39,827,652	1,440,449	38,387,203	-
Investments	-	-	-	-
Bank balances	31,330,064	31,330,064	-	-
Total	141,503,963	37,762,118	103,741,845	-

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.

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Credit Risk (Continued)

The company has significant concentration of credit risk on amounts due from commercial and institutional customers. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June current year				
Trade payables	994,353	7,225,621	9,916,710	18,136,684
Accrued expenses	360,079	45,000	1,281,463	1,686,542
Other Payables	379,953	1,137,724	18,634,831	20,152,508
Customer Deposits	152,500	398,500	22,541,325	23,092,325
Employee Payables	168,522	490,566	549,273	1,208,361
Deffered Grant Income	16,754,079	-	-	16,754,079
Total	18,809,486	9,297,411	52,923,602	81,030,499
At 30 June 2024 (previous year)				
Trade payables	1,566,212	1,480,151	17,246,805	20,293,168
Accrued expenses	170,774	85,000	2,148,413	2,404,187
Other Payables	253,822	849,313	14,966,517	16,069,652
Customer Deposits	363,500	368,500	20,719,825	21,451,825
Employee Payables	1,511,191	448,158	924,135	3,232,850
Deffered Grant Income	11,749,400	-	-	11,749,400
Total	15,614,899	3,231,122	56,005,695	75,201,082

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025 (Current Year)			
Financial assets			
Investments	-	-	-
Cash	11,061	-	11,061
Debtors	76,683,532	-	76,683,532
Financial Liabilities			-
Trade and other payables	41,184,095	-	41,184,095

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Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024 (Previous year)			
Financial assets			
Investments	-	-	-
Cash	606	-	606
Debtors	82,738,863	-	82,738,863
Financial Liabilities			
Trade and other payables	41,999,858		41,999,858
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

b) Foreign currency sensitivity analysis

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

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

c) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs - (2025: KShs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs - (2025 – KShs -)

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

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

i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

This level includes listed equity securities and debt instruments on exchanges.

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

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

At 30 June 2025 (Current FY)	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
At 30 June 2025 Previous FY				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-

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

Financial instruments not measured at fair value

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

Notes to the financial statements (continued)

iv) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	(28,767,528)	(29,819,623)
Capital reserve		-
Total funds		
Total borrowings		-
Less: cash and bank balances	(46,429,228)	(31,330,670)
Net debt/ (excess cash and cash equivalents)	46,429,228	31,330,670
Gearing	0%	0%

53. Incorporation

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

54. Events After the Reporting Period

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

4. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variances in refundable deposits Balance	Followed up with the ministry of water & irrigation for the variance.	Not resolved	Yearly
2	Long outstanding trade receivables	Debts recovery unit formed, Use of Lipa Mdogo Mdogo Initiatives. Use of Water Police unit to collect old debts	Not Resolved	Yearly
3	Long outstanding Trade Payables	Result of financial constraints due to lapsed tariff structures and also Long outstanding Receivables. Implementation of New tariff will curb the situation	On Process	Monthly
Other Matter: Basis for conclusion				
1	Non-compliance with WASREB Guidelines on incorporation & shareholding of the water company	The process is complete	Resolved	Yearly

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Audit Fees	This was as a result of financial constraints due to lapsed tariff structures	Resolved	Yearly
3	Lack of Gender and Staff Ethic Diversity	This was due to the nature of work especially operation and maintenance which requires more manpower which female genders could be overwhelmed. As per your recommendations, we shall adhere to the requirements of article 27(8) of the constitution of Kenya in the new recruitment. Also 68No of employees are from the same ethnic community, we will ensure that the future vacancies will be filled from other different ethnic communities.	Not Resolved	Yearly
4	High Non-Revenue Water	The company has put more efforts over time through the use of the available resources to reduce the NRW, whereby there was a significant drop of 3% from 59% recorded in the 2022-2023.	Not resolved	2% reduction per year.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5	Non-Compliance with Fiscal Responsibility principles on Wage Bill	The Management confirms that 47% as a percentage of Operation and maintenance was incurred on staff costs and this was due to some places of the company's area of operation which are sparsely populated and they requires more man power e.g Mutonga-Gituma, Kibunga-Kakimiki schemes in semi-arid regions. however after effluxions the company does not recruit new staff for replacement	Not Resolved	Yearly
Basis for Conclusion				
1	Use of Lapsed Water Tarrifs Structure	The New tarrif was gazetted vide Kenya Gazzette no. 5965 of 17th May 2024. And currently being implemented	Resolved	Yearly



ENG. LABAN K. MWANIKI
MANAGING DIRECTOR
 29th August 2025

**Appendix II: Projects Implemented by the Company
 Projects**

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. 8 th call Chuka Karingani Water Infrastructure improvement project	08W/THARAKA NITHI/NITHI/84	WSTF	12Months	YES	YES	YES
2. Conditional Liquidity Support Grant II		WSTF	12Months	YES	YES	YES

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	8 th call Chuka Karingani Water Infrastructure improvement project	19,851,966.75	8,676,799	100%	19,851,966.75	8,676,799	WSP & WSTF
2	Conditional Liquidity Support Grant II	33,500,000	11,745,921	35%	33,500,000	11,745,921	WSTF
3							

Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
Name Sign Date

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

Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting Disaster Management Expenditure

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

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Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized					Others - must be specific	Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables			
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-	
Ministry/County Department of water.	-	Development	-	-	-	-	-	-	-	
USAID	-	Donor Fund	-	-	-	-	-	-	-	
name of Development partner/County department etc.	-	Direct Payment	-	-	-	-	-	-	-	
Total	-		-	-	-	-	-	-	-	