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## REPORT

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| CLERK AT THE TABLE | Ms. Kiara     |

on behalf of SMC  
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THIKA WATER AND SEWERAGE  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 20074 - 00100, NAIROBI  
REGISTRY

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***THIKA WATER AND SEWERAGE COMPANY LIMITED***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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



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Thika Water & Sewerage Company Ltd  
Annual Report and Financial Statements for the year ended June 30, 2023

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**ACRONYMS AND GLOSSARY OF TERMS**

Provide Acronyms and glossary of terms that appear in this annual report and financial statements.

|          |                                                    |
|----------|----------------------------------------------------|
| ICPAK    | Institute of Certified Public Accountants of Kenya |
| IFRS     | International Financial Reporting Standards        |
| MD       | Managing Director                                  |
| PFM      | Public Financial Management                        |
| PSASB    | Public Sector Accounting Standards Board           |
| WASREB   | Water Services Regulatory Board                    |
| THIWASCO | Thika Water and Sewerage Company                   |
| AWWDA    | Athi Water Works Development Agency                |
| KEBs     | Kenya Bureau of Standards                          |
| WRA      | Water Resources Authority                          |
| CSR      | Corporate Social Responsibility                    |
| CSI      | Corporate Social Investment                        |
| FDA      | Fixed Deposit Account                              |
| WSTF     | Water Sector Trust Fund                            |
| WASHFIN  | Water and Sanitation Finance                       |



## **KEY ENTITY INFORMATION**

### **Background information**

The Thika Water and Sewerage Company Ltd was established under the Water Act of 2002 as a Private Company under the Companies Act of 2002 in July 2009. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the Board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and serves Thika Sub County and its environs.

### **Principal Activities**

The principal activity of the Company is to provide water and sewerage services within Thika Sub County and its environs.

The Core Objectives of THIWASCO includes the following:

- a) Sourcing for water
- b) Treatment of water
- c) Distribution of water
- d) Collection and treatment of wastewater
- e) Billing customers for water and sewerage services provided
- f) Revenue collection

## **VISION STATEMENT**

“To be a model Water and Sanitation services provider in East Africa”

## **MISSION STATEMENT**

“To provide adequate, reliable, safe, accessible and affordable water and sanitation services in a sustainable manner through technology and innovation to the satisfaction of our customers and other stakeholders.”

**KEY ENTITY INFORMATION(Continued)**

**Directors**

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

| No | Director                     | Role              | Date of appointment                               |
|----|------------------------------|-------------------|---------------------------------------------------|
| 1  | Eng. Joseph Mukora Wakimani  | Chairman          | Appointed in 2014 and Reappointed in 2021         |
| 2  | Dr. Martin Njogu             | Member            | Appointed in 2020 left 2023                       |
| 3  | Peter Ndegwa                 | Member            | Appointed 2023                                    |
| 4  | David Kuria                  | Member            | Appointed in 2020                                 |
| 5  | William Kinyanjui Kimani     | Member            | Appointed in 2020                                 |
| 6  | Lucy Wangui Kagume           | Member            | Appointed in 2014 and Reappointed in 2021         |
| 7  | Dr. Bibianne Wanja Waiganjo  | Member            | Appointed in 2020, Left 27 <sup>th</sup> Dec 2022 |
| 8  | Dr. Jackline Nyambura Munene | Member            | Appointed in 2020                                 |
| 9  | Bernard Maina Ruo            | Member            | Appointed in 2020                                 |
| 10 | Dr. Moses Kinya              | Managing Director | Appointed in 2015                                 |

**Company Secretary**

Nyongesa Nafula & Co Advocates,  
Applewood Adams, 7<sup>th</sup> Flr. Suite No. 705,  
Adams Arcade along Ngong Road,  
P.O Box 42540-00100,

**NAIROBI**

Email: [nneadvocates@gmail.com](mailto:nneadvocates@gmail.com)  
[nyongesa@nneadvocates.co.ke](mailto:nyongesa@nneadvocates.co.ke)

**Registered Office**

Thika Water and Sewerage Company Limited  
P.O. Box 6103-01000 Thika  
Haile Selassie road  
Thika, KENYA



**Thika Water & Sewerage Company Ltd**  
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**KEY ENTITY INFORMATION(Continued)**

**Corporate Headquarters**

Thika Water and Sewerage Company Limited  
P.O. Box 6103-01000  
Thika  
Haile Selassie road  
Thika, KENYA

**Corporate Contacts**

Telephone: +254 701 053 637, +254 720 418 444,  
+254111015200,0800 724 948(Toll free line),

E-mail: [info@thikawater.co.ke](mailto:info@thikawater.co.ke)  
[thikawater@yahoo.com](mailto:thikawater@yahoo.com)

Website: [www.thikawater.co.ke](http://www.thikawater.co.ke)

**Corporate Bankers**

**Equity Bank**

Thika Supreme Branch  
P.O. Box 253 - 01000  
Thika, Kenya

**Cooperative Bank of Kenya**

Thika Branch  
P.O. Box 1815- 01000  
Thika, Kenya

**Family Bank**

Thika Branch  
P.O. Box 74145- 00200  
Nairobi, Kenya

**Diamond Trust Bank Kenya Limited,**

DTB Branch Building, DTB Centre -2nd Floor  
P.O. Box 61711-00200  
Nairobi, Kenya

**Thika Water & Sewerage Company Ltd**  
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**KEY ENTITY INFORMATION(Continued)**

**Independent Auditor**

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

**Principal Legal Advisers**

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**THE BOARD OF DIRECTORS**

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**1. Eng. Joseph Wakimani- Independent Director (Chairman)**

**YOB 1960**



**Key Qualifications:**

BSc, Hons, Civil Engineering  
MSc, Highway Engineering, Member of Institute of highways and Transportation, Member of Institute of Engineers in Kenya Member of Engineers board of Kenya

**Work experience: -**

Resident engineer: Nor ken International Ltd, Area maintenance & construction manager: Caltex oil Ltd, Engineering Manager: Caltex oil Ltd, Part time director: Frame consultants Ltd, Highway/material Engineer: Norco cult A.S consulting Engineers, Assistant materials Engineer: MOPW, Assistant Engineer: Ministry of public works

**2. David Kuria - Independent Director (CECM, WENR- Kiambu County Government)**

**YOB 1973**



**Key Qualifications:**

MA in International Environmental Law  
MSc Applied Ecology & Conservation -UK, BSc Natural Resource Management

**Work Experience:**

-Eco -Agriculture partners fellow, National Coordinator-Reforestation facility of East African Wild Life Society, Nature Kenya-Kijabe Environment Conservation Project Management Trainee Bird Life International -UK

**3. Peter N Ndegwa - Independent Director (County Secretary-Kiambu County Government)**

**YOB 1963**



**Key Qualifications**

Master of Business Administration in Strategic Management (at Project Stage)  
Master of Business Administration in Finance  
Bachelor of Science (Accounting option)

**Work Experience: -**

Chief Officer Cooperative development  
Director, Cooperative Development County Government of kiambu  
CEO- Harambee Sacco  
CEO- Wanandegde Sacco

**THE BOARD OF DIRECTORS(Continued)**

**4.CPA William Kinyanjui Kimani- Independent Director (Chief Finance Officer-Kiambu County)**

**YOB 1977**



**Key Qualifications**

Pursuing PHD in Business Administration (Finance Option)  
Master's in Business Administration (MBA)Finance Option  
Bachelors of Business Administration (Accounting & Finance)  
CPA(K)

**Work Experience: -**

Principal (Finance & Admin)- Maasai Mara University in collaboration with Highlands state college.  
Chief Accountant – Presbyterian University of East Africa  
Chief Accountant – Limuru Milk Processors Ltd.

**5. Lucy Kagume -Independent Director (Chair, Finance and Administration Committee)**

**YOB 1950**



**Key Qualifications**

Bachelor of Education

**Work experience: -**

Principal-Broadway High School,  
Principal-Gaturi Girls Sec School,  
Principal-Kiria-ini Girls Sec School,  
Deputy Principal-Gitugi Girls Sec School,  
Teacher Njumbi High School

**6. Bernard Maina Ruo - Independent Director (Chair, Technical Committee)**

**YOB 1968**



**Key Qualifications**

MSc. Entrepreneurship -JKUAT, BSc Agriculture, Diploma in Banking

**Work experience:**

Technical Director (Kenya Nut Company), Head of Agronomy (Tropical Farm Management Kenya Ltd), Group Manager (Tropical Farm Management Kenya Ltd), Estate Manager (Tropical Farm Management Kenya Ltd)



**THE BOARD OF DIRECTORS(Continued)**

**7 .Dr. Jackline Nyambura Munene - Independent Director (Chair, Audit Committee)**



**YOB 1984**

**Key Qualifications**

MD (Doctor of Medicine)/ Equivalent MBChB

**Work experience:**

Ag. Clinical Services Coordinator/Branch manager -Meridian Medical Centres  
Medical Officer -AAR Healthcare Outpatient Clinics, Medical Officer -Kimbimbi Sub- County Hospital, Medical Officer -Kianyaga Sub- County Hospital

**8.Dr. Eng. Moses Kinya (Managing Director)**



**YOB 1968**

**Key Qualifications**

Bsc Civil Engineering, MSc Public Health Engineering, MBA Business Administration

**Key Work experience:**

Managing Director, Thika Water and Sewerage Co Ltd, Senior Water and Sanitation Engineer. H.P. Gauff Ingenieure GmbH & Co Ltd, Managing Director, Mombasa Water and Sanitation Co Ltd, Managing Director, Malindi Water and Sanitation Co Ltd. Chairman, Water Service Providers Association (WASPA)

**9. Mercy Katunge Wambugu (Company Secretary)**



**YOB 1990**

**Key Qualifications**

CPS (K),  
Advocate of the high court of Kenya  
Certified Public mediator (CPM),  
Bachelor of Law (LLB)  
Member of ICS, MBR/No. 3999

**Work experience:**

Nyongesa Nafula & Co. Advocates – Associate Advocate



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**KEY MANAGEMENT TEAM**

| Ref | Management                                                                                                        | Details                                                                                                                                                                                                                                                    |
|-----|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | <p>Dr.Eng. Moses Kinya</p>       | <p><b>Managing Director</b></p> <p>Appointment Date:2015</p> <p>Years of experience:&gt;25years</p> <p><b>Key Qualifications:</b><br/> MSc Public Health Engineering<br/> BSc Civil Engineering<br/> Pursuing Masters of Business Administration (MBA)</p> |
| 2.  | <p>Eng. Kennedy Kiemo</p>       | <p><b>Chief Manager-Technical Services</b></p> <p>Appointment Date:2017</p> <p>Years of experience:&gt;15years</p> <p><b>Key Qualifications:</b><br/> BSc. Civil Engineering</p>                                                                           |
| 3.  | <p>Jeremiah Mathenge Beru</p>  | <p><b>Chief Manager-Commercial Services</b></p> <p>Appointment Date:2019</p> <p>Years of experience:&gt;10 years</p> <p><b>Key Qualifications:</b><br/> CPA -part 2, BCom.</p>                                                                             |

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**MANAGEMENT TEAM (Continued)**

|    |                                                                                                                 |                                                                                                                                                                                              |
|----|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | <p>CPA-Rosemary Wamaitha</p>   | <p><b>Chief Manager- Finance</b></p> <p>Appointment Date:2017</p> <p>Years of experience:&gt;15 years</p> <p><b>Key Qualifications:</b><br/>CPA(K) BCom.</p>                                 |
| 5. | <p>CPA-Albert Maingi</p>      | <p><b>Chief Manager-Internal Audit</b></p> <p>Appointment Date:2017</p> <p>Years of experience:&gt; 15 years</p> <p><b>Key Qualification:</b><br/>CPA(K), CISA, MBA Accounting, BAM</p>      |
| 6. | <p>Elaine Wanjiku Ngugi</p>  | <p><b>Legal &amp; Corporate Affairs Manager</b></p> <p>Appointment Date:2017</p> <p>Years of experience:&gt;15years</p> <p><b>Key Qualifications:</b><br/>Diploma in Law, BCom HR,MSc HR</p> |

**Thika Water & Sewerage Company Ltd**  
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**MANAGEMENT TEAM (Continued)**

|    |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7. | <p>CHRP-Irene Nyambura Ndirangu</p>                | <p><b>Human Resource Manager</b></p> <p>Appointment Date:2017</p> <p>Years of experience: &gt;15 years</p> <p><b>Key Qualifications:</b><br/>                     BCom-HR, MBA-HR, CHRP (K)</p>                                                                                                                                                                                                                                                                |
| 8. | <p>Nicellah Wairimu</p>                           | <p><b>Procurement Manager</b></p> <p>Appointment Date:2017</p> <p>Years of experience:&gt;15 years</p> <p><b>Key Qualifications:</b><br/>                     MSc-Procurement &amp; Logistics Mgt,<br/>                     BSc-Procurement and Contract Mgt and<br/>                     Diploma in Supplies Mgt.</p>                                                                                                                                         |
| 9. | <p>Walter Ng'eno</p>                             | <p><b>ICT Manager</b></p> <p>Appointment Date:2023</p> <p>Years of experience:&gt;10 years</p> <p><b>Key Qualifications:</b><br/>                     Bsc-Information Technology,<br/>                     Information Technology-Diploma</p>                                                                                                                                                                                                                  |
| 10 | <p>Mercy Katunge Wambugu -Company Secretary</p>  | <p><b>YOB 1990</b></p> <p><b>Key Qualifications</b><br/>                     CPS (K),<br/>                     Advocate of the high court of Kenya<br/>                     Certified Public mediator (CPM),<br/>                     Bachelor of Law (LLB)<br/>                     Member of ICS, MBR/No. 3999</p> <p><b>Work experience:</b><br/>                     Nyongesa Nafula &amp; Co. Advocates –<br/>                     Associate Advocate</p> |



## **CHAIRMAN'S STATEMENT**

On behalf of the Board, I would like to express my satisfaction by the performance of THIWASCO for the financial year 2022/2023 achieved in the midst of significant challenges in the global and domestic economic landscape. The company continued to meet Key Performance Indicators as set by the sector regulator, WASREB. During the period the company was awarded an eight-year operation licence by WASREB. This was a notable achievement being the first WSP to earn such a licence.

We remained committed to and continued to affirm our relationship with our diverse stakeholders that culminated in annual stakeholder's forum held on 4<sup>th</sup> May 2023. This was also in fulfilment of the regulations by WASREB. Revenue stood at KShs.921M, with water produced being 14,140,519m<sup>3</sup>, water sold being 9,572,743m<sup>3</sup> and NRW being 32.20%, largely contributed by the dilapidated infrastructure.

THIWASCO's greatest desire is to provide access to water and sewerage services to all within its service area of Thika Sub-County and its environs. Currently however, the demand for water within the service area far exceeds the supply necessitating the application of an equitable water distribution programme. The company is therefore continually embarking on projects to increase its water production and wastewater treatment capacities to better serve the residents of the ever-growing Thika Town. The projects undertaken to the same effect include:

1. Construction of a new office block at the company headquarters with the aim of reducing congestion and improve working environment
2. Construction of new sewer laterals in Witeithie, Kiganjo and Kenya Tanning meant to increase the company's sewerage coverage.
3. Desludging and refurbishment of the Kang'oki sewerage works.
4. Thika and Githunguri Water and Sanitation Improvement Project being implemented by the Government of Kenya through Athi Waterworks Development Agency funded by the DANIDA Sustainable Infrastructure funding (DSIF) meant to increase daily water production by 36,000m<sup>3</sup>/day.
5. A total of 32.286 Km of Water pipeline was laid and a total of 5.46Km of sewer pipelines were installed as last mile connectivity during the year through company funding.

The company conducted various CSR activities within the period in education and environmental conservation.

## CHAIRMAN'S STATEMENT (Continued)

The Board considers its Human Resource as one of its most valued assets in achieving its strategic objectives. The Board has also provided continuous staff training throughout the year, ensuring continuous professional development.

We remain committed to supporting the government Bottom-Up Economic Transformation agenda by creating an enabling environment for business to thrive in our county through provision of a sustainable provision of water and sewerage services, creating jobs, observing gender equality, forming and sustaining mutually beneficial partnership and fulfilling our duty to retain and remit due taxes.

### Key Challenges:

1. Thika Water has experienced high water demand due to rapid developments and population growth in recent years. (Current demand is estimated at 75,000m<sup>3</sup>/day against the current production of 39,000m<sup>3</sup> / day), this presents a deficit of approximately 36,000 m<sup>3</sup>/day hence the underserved areas;
2. Reduced water levels in the catchment areas due to climatic changes;
3. Inadequate financial resources;
4. Aged, dilapidated and inadequate infrastructure;
5. High power cost considering both raw and treated water is through pumping. 17% of our revenue goes to electricity annually
6. Competing water demands from irrigation farms and other water utilities upstream;
7. Change in land use and sprawling unplanned development;
8. Interference and damage of pipelines by other infrastructure developers resulting to unplanned shut down to facilitate repairs;
9. Encroachment on wayleave and road reserve by developers;
10. Inordinate water demand during dry season with some customers resulting to direct Suction with pumps from the water main causing failure of supply to neighbors.



**Thika Water & Sewerage Company Ltd**  
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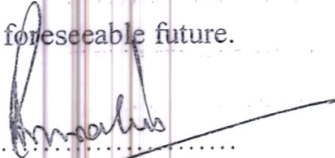
**Way forward**

I would like to acknowledge support received from our County Government, the National Government and their respective agencies in working towards developing our infrastructure. Thanks to my colleagues on the board and the entire management team and staff for the responsive and skilled execution of our strategic goals and efforts that enabled us produce creditable results and deliver value to our customers during a challenging year.

All the above were achieved despite several challenges faced which included; uncertain operating conditions including increased water abstraction levy, changes in taxation, political uncertainty during electioneering period, and significant economic slowdown compounded by rising inflation, currency depreciation, drought and famine. This performance can be attributed to the commitment and strong resolve of the company directors and its employees to meet the water and sewerage services needs of its customers. The financial results for this period are indicative of the company's performance. The company was able to meet all its financial requirements and obligations despite the increase in operational costs brought about by inflation that increased the cost of key inputs like water treatment chemicals, electricity, fuel, pipes and fittings.

In view of the measures undertaken, the Board is optimistic of a satisfactory performance in the coming financial year and sustainable provision of water and sewerage services to our customers and other stakeholders.

With continued expansion, technological innovations, efforts towards environmental sustainability and continued staff development, I am confident that the company will continue on the growth trajectory for the foreseeable future.

  
.....  
Eng Joseph Wakimani  
Chairman



Despite the year being characterised by several key challenges including slow-down in economic growth due to General Elections, currency depreciation, rising global inflation and drought, we successfully managed to deliver on our mandate and meet our obligations.

**Financial Performance:** I am pleased to report that THIWASCO has had another successful fiscal year. Our revenue for the year was Kshs 921m translating to a 2.3% growth as compared to the previous year. This is as a result of implementation of the tariffs and new water and sewerage connections. Our net profit margin remained stable at Kshs 70m demonstrating our dedication to cost control, operational efficiency and prudent financial management practices.

**Investments and Expansion:** In line with our long-term growth strategy, we made strategic investments in water, wastewater and technology. These projects which include desludging and rehabilitation of sewer ponds, rehabilitation of Kenya Tanning Biafra sewer line and construction of new sewer laterals in Kianjau, Witeithie and Kiganjo were commenced during the year. Water pipeline extensions were carried out where a total of 35.1km was laid. Meter replacement exercise was carried out in the fiscal year replacing 2,259 meters aimed at reducing NRW and increasing efficiency. These initiatives have and will not only enhance the company's efficiency but also be in line with the sustainable development goal number 6.

**Balance Sheet Strength:** Our balance sheet continues to reflect stability and strength. Our total assets increased to Kshs 1,080m and we have maintained a healthy working capital position to support our day-to-day operations. Our strong liquidity position ensures that we are well-prepared to seize opportunities and navigate potential challenges.

**Customer Satisfaction:** Customer satisfaction remained a top priority. A survey was conducted during the year that indicated a satisfaction rate of 68.4%. This rating indicates an increase of 12% as compared to the previous survey. This was achieved through improved management systems that enabled us respond to our customer needs with speed. Based on the company's strategic plan, we aim at improving this index gradually.

**Key achievements:** The company acquired an eight-year license from the regulator (WASREB). The license is meant to provide the procedural and administrative framework for the Water Act 2016 and the Water Services Regulations 2021, with a view to ensuring that water services in Kenya are developed,

conserved, managed and controlled.

The company was also feted for being position three nationally and also scooped the top position in Athi Region as per the WASREB Impact report issue no.15. This report analyses the performance of all water companies in the country based on key performance indicators and in accordance with Section 72 of the Water Act 2016. This report was based on the performance of the fiscal year 2021/2022.

**Challenges and mitigation:** The company's main challenges include old and dilapidated water and sewerage infrastructure, inadequate water production capacity, high electricity and chemical costs, low sewerage coverage, effects of climate change, enactment of laws leading to upward revision of levies i.e., water abstraction levy. In addition, The Non-Revenue water was 32% for the period, an increase of 3.8% as compared to the previous period. These challenges are being addressed by pursuing implementation of appropriate strategic projects.

To mitigate water losses the company has instituted an active NRW committee that has already developed a NRW policy that has been approved by the board for implementation.

The Strategies we have undertaken include:

- a) **Asset Management:** The Company has a Geographical information System (GIS) that is being used to manage and map assets, such as pipes and valves, to ensure that they are in good condition and operating efficiently through replacement and renewal. This helps to reduce water loss due to aging infrastructure and equipment failures.
- b) **Customer Management:** Educating customers about the importance of water conservation, detecting leaks on their property, and promptly reporting them to the Company can also help reduce non-revenue water. This is done through a corporate communication through the Corporate Affairs Department.
- c) The Company has a programme to replace non-functional and out-of-order consumer meters and replace them with Smart-ready ones. During the period 2020 to 2022, the company had replaced 4,677 meters at a cost of Kshs.18.7m which has been budgeted for in order to reduce commercial losses.



- d) The company has commenced isolation of areas hydraulically through installation of DMAs. Currently, three DMAs have already been completed and strategies to reduce NRW within them have commenced.

Further, the company has commenced major projects that will resolve the high demand. These externally funded projects include;

- a) Operationalization of Karimenu II Dam Water Supply- The purpose of the project is to provide 20,000 m<sup>3</sup>/day Bulk Water supply from Karimenu II dam to THIWASCO being undertaken by AWWDA.
- b) Thika and Githunguri Water and Sanitation Project- The overall purpose of the project is to provide adequate and reliable water and sanitation services to the rapidly expanding Thika sub county population. The project will rehabilitate and extend the existing systems to supply clean water and provide sewage collection and treatment. The project is at conceptual design stage.

During the fiscal year, we planted 13,500 number of trees. This is also in conformity with the strategic objective to protect the water sources. In addition, fencing of the riparian land upstream of the Chania River at the Blue-Post Hotel Bridge was completed.

**Future Outlook:** Looking ahead, we are cautiously optimistic about the future. The economic landscape remains uncertain due to new government policies, but we are well-prepared to navigate these challenges. Our strategic goals for the upcoming year include:

- 1) Continued Expansion: We will work towards ensuring that the planned water and sewerage projects are implemented as our commitment to delivering services to our customers.
- 2) Innovation: We remain committed to innovation and improvement of systems in various departments to have seamless and cross functional operations. Our next front is application of smart metering to improve accuracy of our billing and conserve the scarce commodity.
- 3) Sustainability: Environmental and social responsibility continues to be a central focus, aligning with our commitment to sustainable business practices.



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**REPORT OF THE MANGING DIRECTOR (Continued)**

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- 4) Employee Development: We continue to invest in our employees' growth and well-being, ensuring a motivated and skilled workforce.

In conclusion, I would like to express my gratitude to our dedicated employees, loyal customers, and supportive stakeholders and shareholders for their contributions to our success. Together, we have achieved significant milestones, and I look forward to another year of growth.

Sign.....

Dr. Moses Kinya  
**Managing Director**

**Thika Water & Sewerage Company Ltd**  
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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023**

Thika Water and Sewerage Company Ltd (THIWASCO) has six strategic themes within the current Strategic Plan for the FY 2019- FY 2024. These strategic pillars/ themes are as follows:

1. Infrastructural Development, Operations and Maintenance;
2. Customer Experience;
3. Financial Resource Mobilization and Prudent Utilization;
4. Institutional Capacity Building;
5. Risk Management
6. Visibility and Corporate Image

Thika Water and Sewerage Company Ltd develops its annual work plans based on the above six themes. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The company achieved its performance targets set for the FY 2022/2023 period for its six strategic pillars, as indicated in the diagram below:

| Strategic Pillar/Theme/Issues                                                     | Objective                                                                                                                                      | Key Performance Indicators                                                                     | Activities                                                                                                                                                                 | Achievements                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strategic theme 1: Infrastructural Development, Operations and Maintenance</b> |                                                                                                                                                |                                                                                                |                                                                                                                                                                            |                                                                                                                                                                                                                                                            |
| a) Aged Infrastructure                                                            | <ul style="list-style-type: none"> <li>Replacement, rehabilitation and upgrading of old infrastructure in water and sewerage system</li> </ul> | <ul style="list-style-type: none"> <li>Design and procurement of the projects done.</li> </ul> | Desludging of Kiganjo STP sewer of ponds and rehabilitation, upgrading of the DN 600 1000m sewer line, Completion the rehabilitation works of the collapsed Kangoki sewer. | <ul style="list-style-type: none"> <li>Contractor on desludging works and DN 600 pipe laying and haunching.</li> <li>Sewer line substantially completed.</li> <li>Desludging of sewer treatment ponds ongoing</li> <li>IPC 2 is being processed</li> </ul> |
| b) Inadequate Sewer Networks                                                      | <ul style="list-style-type: none"> <li>Continuous construction of sewer lines to serve unserved area</li> </ul>                                | <ul style="list-style-type: none"> <li>Internal design and construction works</li> </ul>       | <ul style="list-style-type: none"> <li>The Department laid a total of 19,182 m of sewer network in unserved areas the last 3 financial years</li> </ul>                    | Lines in use and customers continuously connected                                                                                                                                                                                                          |



# Thika Water & Sewerage Company Ltd

## Annual Report and Financial Statements for the year ended June 30, 2023

|                        |                                                                                                                                                |                                                                                                |                                                                                                                                                                            |                                                                                                                                                                                                                                                            |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| c) Aged Infrastructure | <ul style="list-style-type: none"> <li>Replacement, rehabilitation and upgrading of old infrastructure in water and sewerage system</li> </ul> | <ul style="list-style-type: none"> <li>Design and procurement of the projects done.</li> </ul> | Desludging of Kiganjo STP sewer of ponds and rehabilitation, upgrading of the DN 600 1000m sewer line, Completion the rehabilitation works of the collapsed Kangoki sewer. | <ul style="list-style-type: none"> <li>Contractor on desludging works and DN 600 pipe laying and haunching.</li> <li>Sewer line substantially completed.</li> <li>Desludging of sewer treatment ponds ongoing</li> <li>IPC 2 is being processed</li> </ul> |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Strategic theme 2: Customer Experience

|                     |                                                                                        |                                                  |                                                                                                                                                       |                                                                                                                                                                                         |
|---------------------|----------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer experience | To increase customer satisfaction index from 56% by 5% each year, to reach 81% by 2024 | Customer satisfaction index to reach 81% by 2024 | <p>Conducting annual stakeholders' workshop</p> <p>Conduct customer perception/satisfaction surveys with appropriate samples and address the gaps</p> | <p>We are on course to reach the target.</p> <p>The call centre is implemented.</p> <p>The service charter is in it final stages of being approved.</p> <p>UM is fully implemented.</p> |
|---------------------|----------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Strategic theme 3: Financial Resource Mobilization and Prudent Utilization

|                    |                                              |                                           |                                                                                                                                                                                                                                                                                                                  |                                                                                                                                         |
|--------------------|----------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Strategic Issue 3: | Develop the departmental budgetary estimates | Prepare the budget and have them approved | <p>Budgetary estimates from the all departments</p> <p>Consolidate the needs /requirement identified during the budget rationalization process, for approval by the board.</p> <p>Ensure every procurement is supported by a budgetary allocation.</p> <p>A budget review to accommodate change in priority.</p> | <p>Approved annual budget</p> <p>Approved annual procurement plan</p> <p>Budgetary compliance</p> <p>Approved supplementary budget.</p> |
|--------------------|----------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

|                                                           |                                                                                             |                                                                                                          |                                                                                                        |                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                           |                                                                                             |                                                                                                          |                                                                                                        |                                                                                                                                                                                                                                                                |
| <b>Strategic theme 4: Institutional Capacity Building</b> |                                                                                             |                                                                                                          |                                                                                                        |                                                                                                                                                                                                                                                                |
| Business process reengineering and automation             | Automation and integration of the systems in all functions                                  | HRM system in place                                                                                      | Implementation of Human Resource management system Installation of IPPBX and call centre               | <ul style="list-style-type: none"> <li>- Payroll module is deployed and operating;</li> <li>-Leave and performance management module setups are currently underway.</li> <li>- Installed a fully functional IP telephone system and contact centre.</li> </ul> |
| <b>Strategic theme 5: Risk Management</b>                 |                                                                                             |                                                                                                          |                                                                                                        |                                                                                                                                                                                                                                                                |
| Develop a risk management policy                          | To develop and institutionalize a risk management framework and effective internal controls | Enterprise Risk Management policy documented.<br>Enterprise Risk Management policy in place and adopted. | Engage a consultant to help in developing a policy.<br>Implement the risk management policy framework. | <ul style="list-style-type: none"> <li>Consultancy project completed.</li> <li>Enterprise risk management adopted.</li> <li>Risk register have been developed for all departments.</li> </ul>                                                                  |
|                                                           |                                                                                             | Number of staffs trained                                                                                 | Conduct staff awareness.                                                                               | Executive management team, internal audit staff and risk champions trained                                                                                                                                                                                     |



### **Appointment and Removal of Directors**

As a water service provider, THIWASCO is regulated by the Water Services Regulatory Authority (WASREB) and therefore bound to comply with the Corporate Governance Guidelines for the Water Services Sector, 2018. In line with these guidelines, the board is composed of 9 members, three being nominees representing the County Government's Departments responsible for Finance and Water matters; and also, the County Secretary. The other six members are competitively sourced in line with the qualification criteria specified and also ensuring that there is representation from the community within the company's area of service.

### **Roles and responsibilities, board charter, conflict of interest and ethical conduct**

The board is responsible for governance, oversight, and major decision making, representing the interests of stakeholders and the shareholder. In execution of this role, the board approves the company's strategic plan, an annual budget and annual procurement plan. In addition, the company ensures that there is a business plan and annual plans to implement the strategic plan. The board of directors signs a performance contract with the Managing Director who in turn cascades it to the management team and all staff. The board of directors also ensures that there is an audited set of accounts prepared in accordance with the Public Finance Management Act which contains an audit opinion, which is made available to them every 12 months.

In terms of compliance, the board also ensures that the company complies to all laws, regulations through the assistance of the company secretary. The board is also responsible for communication with stakeholders through a well-publicised annual stakeholders' forum and holding an annual general meeting.

All board roles and functions are spelled out in the Board Charter. This charter also requires all board members to familiarise themselves with the Code of Ethics and sign it.

The board of directors approved an Anti-Corruption Risk Management Policy which has a clause on conflict of interest, where a Conflict of Interest Register is maintained. Members are required to declare any conflict of interest in any matters in board agenda in advance before meetings are held.

To effectively carry out its mandate, the board has delegated its role to respective committees as follows: Audit Committee, Finance and Administration Committee and Technical Committee. The specific roles for these committees are as highlighted in the Corporate Governance Guidelines for the Water Sector and other best practices such as Mwongozo Code of Governance for State Corporations.

### **Board succession policies and period in office**

Thika Water and Sewerage Company Ltd avoids a situation where all Board members retire at the same time; in that, two thirds of the Board members other than those from the County Government, retire from office by rotation every three years. The retiring members are determined on the basis of those who have served longest.



## **CORPORATE GOVERNANCE STATEMENT(Continued)**

### **Board and member performance and Governance Audit**

The Corporate Governance Guidelines for the Water Services Sector of 2018 provide that 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. In this regard the board approved a board performance tool that shall be used to evaluate its performance in the current financial year.

A governance audit is scheduled to be carried out in the current financial year as in order to evaluate the company's leadership and strategic management, transparency and disclosure, compliance with laws and regulations, communication with stakeholders, board independence and governance, board systems and procedures, shareholder and stakeholder value enhancement and Corporate Social Responsibility.

### **Directors' Training and Development**

The Company is committed to ensuring that newly- appointed Board members are inducted into their role as soon as possible following their appointment, and that Board members have access to continuous development programmes on relevant issues, to enable them to maintain, deepen and update their knowledge and skills to effectively fulfil their responsibilities as Board members.

Board members are provided with regular updates on matters relevant to, corporate governance and regulatory environment, enterprise risks and other matters that may be of interest in the execution of their role.

During the year Board members attended trainings, workshop's and other activities as follows:

1. Technical Seminar on Waste water in Bavaria, Germany.
2. Benchmarking study tour in Israel
3. Technical Conference and Workshop by WEFTEC in Louisiana, USA.
4. Staff and Board of Director's team building in Mombasa.
5. Workshop for Board and Audit & Risk Committee Members in Mombasa.
6. International Water Congress and Exhibition in Copenhagen, Denmark.
7. Water and Sanitation International Conference in Mombasa.

### **Board Remuneration**

The Board reviews and recommends the remuneration structure of directors annually, subject to shareholders' approval at the Annual General Meeting. While directors' remuneration is linked to attendance of board and committee meetings, expenditure in this regard is capped at Kshs, 12m of annual turnover provided by the regulator for companies with a turnover of up to Kshs. 1b.

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**CORPORATE GOVERNANCE STATEMENT(Continued)**

**Number and nature of meetings held in the financial year 2022/2023**

| No. | Nature                                               | Frequency<br>(No. of times) |
|-----|------------------------------------------------------|-----------------------------|
| A   | Regular Full Board meetings                          | 4                           |
|     | Other meetings attended by all Board members         |                             |
| B   | Special meeting                                      |                             |
| C   | Board retreat, Interviews, Public Participation, AGM | 1                           |
|     | Sub- total                                           | 5                           |
|     | Regular committee meetings                           |                             |
| A   | Finance and Administration Committee                 | 4                           |
| B   | Technical committee                                  | 4                           |
| C   | Audit Committee                                      | 4                           |
| D   | Select Committees, Special Committees                | 2                           |
|     | Sub-total                                            | 14                          |
|     | Grand Total No. of meetings held                     | 19                          |

Individual Director attendance to meetings was as highlighted below;

| No | Name                                         | Full<br>board | Finance and<br>Administration | Technical<br>Committee | Audit<br>Committee | Special<br>full<br>board | Special<br>Committee |
|----|----------------------------------------------|---------------|-------------------------------|------------------------|--------------------|--------------------------|----------------------|
|    | Total Number of Meetings held FY2022/2023    | 4             | 4                             | 4                      | 4                  | 1                        | 2                    |
| 1  | Eng. Joseph Mukora Wakimani                  | 4             |                               |                        |                    | 1                        |                      |
| 2  | Dr. Martin Njogu/Wangari Murigi/Peter Ndegwa | 2             | 3                             | 1                      |                    | 1                        | 1                    |
| 3  | David Kuria                                  | 1             |                               | 3                      | 2                  | 1                        |                      |
| 4  | William Kinyanjui Kimani/Nduta Kahi          | 2             | 1                             |                        | 2                  | 1                        | 1                    |
| 5  | Lucy Wangui Kagume                           | 4             | 4                             | 2                      | 2                  | 1                        | 2                    |
| 6  | Dr. Bibianne Wanja Waiganjo Aidi             | 1             | 2                             | 1                      |                    |                          |                      |
| 7  | Dr. Jackline Nyambura Munene                 | 4             |                               | 4                      | 4                  | 1                        |                      |
| 8  | Bernard Maina Ruo                            | 4             | 4                             | 4                      | 2                  | 1                        | 2                    |



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

**The company's operational and financial performance**

The company has benefited from measures taken to increase production capacity for the treatment plant with a remarked increase in water produced for the year, standing at 14, 140, 519 cubic metres at the end of the year. During the year the company's total revenues marked a record Kshs. 921m. This was among other positive performance attributes in terms of growth in the number of connections which stood at a total of 56,127 connections at the end of the year. The company reported average NRW for the year at 32%.

During the year water production increased by 2.4% (from 14,005,975m<sup>3</sup> to 14,140,519m<sup>3</sup>), the consumed volume decreased by 4.6% (from 10,035,328m<sup>3</sup> to 9,572,743m<sup>3</sup>). There was a noted increase in total revenue by Kshs. 21,132 or 2.3% (Kshs. 900,418 to Kshs. 921,550) from the last comparative period. Increase in total revenue was attributable to an increase in actual billing during the year and realisation of interest income from investment in Fixed Deposit Account. During the period, the number of water connections increased from 39,630 to 40,905 water accounts recording 1,275 new water accounts while sewer connections also recorded an increase of 381 from the previous similar period (14,841 to 15,222).

To enhance the company's performance in management of accounts receivables, an enhanced collection initiative aimed at identifying of untraced customers and increase in collection of old debts. From this exercise the company has realised 98.6% collection efficiency which is within the sector benchmark. The company has continued to enjoy the benefits of an integrated billing system which captures data right from meter reading to calculation of bills and collection of revenues.

**SECTION B: Company's compliance with statutory requirements**

The company takes cognisance on the importance of complying with all statutory requirements including those related to water quality, taxation, third party deduction deadlines, regulatory, employee relations, among others. During the year the company's operations were in compliance with all statutory requirements.

The company's performance with regard to some of the regulators Key Performance Indicators is as indicated below;

| No. | Key Performance Indicator                            | Bench Mark | FY<br>2022/2023 |
|-----|------------------------------------------------------|------------|-----------------|
| 1   | Collection Efficiency (%)                            | ≥95        | 98              |
| 2   | O + M Cost Coverage (%)                              | >100       | 108             |
| 3   | Staff Productivity - staff per 1000 connections (Nr) | <5         | 5               |
| 4   | Metering Ratio (%)                                   | 100        | 100             |
| 5   | Personnel Expenditure as percentage of O&M Costs (%) | <35        | 36              |
| 6   | NRW (%)                                              | <20%       | 32              |

**SECTION C: Key project and investment decision the entity is planning /implementing  
Key Projects and Investment Decisions**

**Internally Funded Projects**

During the year, the Company planned to execute sixteen internally funded projects costing about Kshs. 217, 537,036 in total. These projects were at various levels of completion at the year end with nine of them fully completed by the year end. These projects are as highlighted listed under Appendix II (Projects implemented by the company) Page 84 & 85

**Externally Funded Projects**

In partnership with development partners through AWWDA, the company is undertaking long term investments that in order to significantly increase access to potable water in the area of operation. These projects are as highlighted below;

1. Thika and Githunguri Water and Sanitation Project being implemented under DANIDA Sustainable Infrastructure Finance (DSIF) that includes Thika 3A dam across Thika river with a raised intake, construction of water treatment works and associated distribution system, new sewage treatment works and associated conveyance, several reservoirs and development of green energy.
2. 3A water project that intends to construct a dam across Thika river with a raised intake under the Danida project.
3. Operationalization of Karimenu II Dam Water Supply- The purpose of the project is to provide 20,000 m<sup>3</sup>/day Bulk Water supply from Karimenu II dam to THIWASCO.

**SECTION D: Major risks facing the entity**

The company is exposed to the following types of risks;

**Environmental Risks**

These are risks which lead to reduction in water from the catchment areas hence jeopardising the company's ability to carry out its core function of provision of potable water to residents of Thika Sub County. These risks are diverse and include biodiversity loss and ecosystem collapse, failure to mitigate climate change and natural disasters & extreme weather events.

**Financial Risks**

Financial risks include the inability of the company to meet its financial obligations as they fall due caused by several factors including; non-payment by customers/consumers, loss of revenue through illegal connections, bursts and leakages leading to high Non-Revenue Water, increased cost of production, changes in laws and regulations, introduction of additional levies, loss of customers among others.



**MANAGEMENT DISCUSSION AND ANALYSIS(Continued)**

**Operational Risk**

These are risks associated with inability to carry out the normal operations of water treatment, reticulation, collection, treatment and discharge of sewage to the natural environment. The major risks include over reliance on one source of energy for pumping both raw and treated water, aged and dilapidated water treatment and distribution infrastructure and risks associated with human resource capability to efficiently carry out operations.

**ICT Failure and Cybersecurity Risks**

With ever increasing reliance on ICT in carrying out business, there is ever present risk of failure caused either by equipment or human factors. With advancement in technology and increase in cyber-attacks, these risks remain a reality in our business as they could lead to loss of data, financial losses or breaches in laws and regulations.

**Legal risk.**

This is the risk of incurring legal liabilities and obligations resulting from suppliers suing the company for breach of laws and contracts and being surcharged for failing to comply with the laws and regulations.

**SECTION E:**

**1. Review of the Economy and the Water Sector**

During the financial year, the country conducted a general election. As expected, this followed an economic slowdown compounded by inflation and Ukraine- Russia war that led to general increase in the cost of living resulting from increase in price of fuel and other commodities. This led to increase in the cost of production due to high electricity bills. The events affecting the economy include; rising inflation and interest rates, Russia/ Ukraine war, global and regional geopolitical tensions, continuing COVID-19 impacts, and drought across Eastern Africa. These challenges look set to continue during 2023 with adverse impact on future economic growth and subsequently impacting on the company.

**2. Review of the Sector**

Increasing population has continued to have pressure on water service provision in the country. According to the regulator, water coverage during the year under review stood at 62% countrywide, while sewerage coverage was at 16%. The company continued to perform comparatively well within the water service providers, having attained the third position in among the 92 utilities that were evaluated by the regulator during the year. The largest challenge remains attainment of a target Non-Revenue Water level of 20% as provided by the regulator. However, with an NRW level of 32.2% reported during the year, the company is still way above the national NRW which was reported to be 45% as per the most recent regulator evaluation.



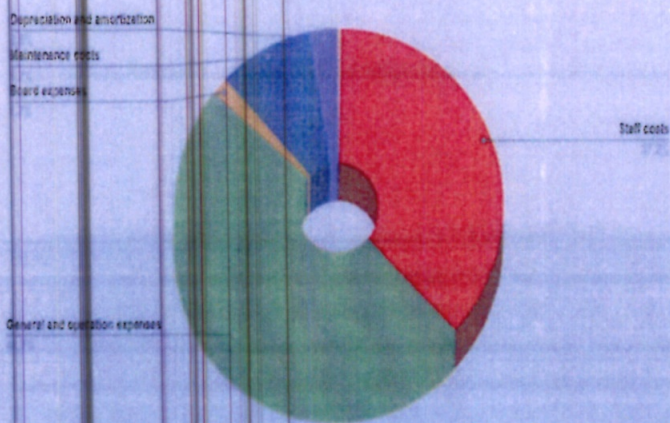
**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**MANAGEMENT DISCUSSION AND ANALYSIS(Continued)**

**SECTION F: Material arrears in statutory /financial obligations**

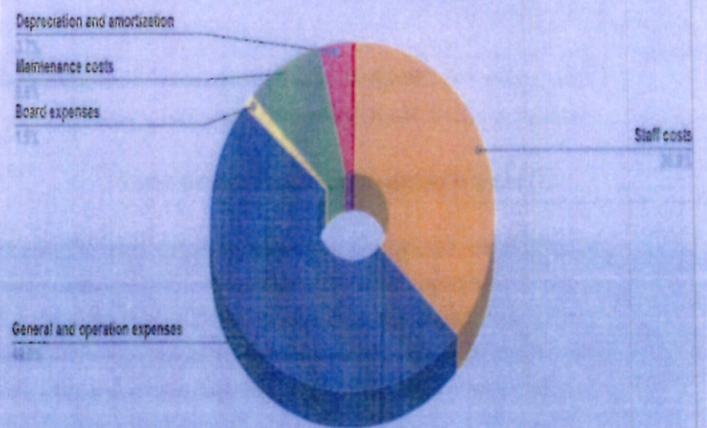
By close of the financial year the company did not have any arrears in statutory obligations, however material arrears for the below remained outstanding;

1. Defunct Municipal Council of Thika
2. Defunct Athi Water Services Board (AWSB)
3. Water services Regulatory Board

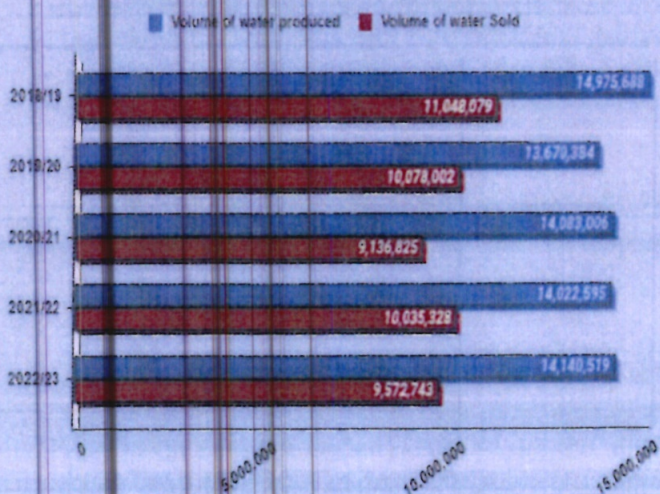
**EXPENSES FY 2021-2022**



**EXPENSES FY 2022-2023**



**VOLUME OF WATER PRODUCED VS VOLUME OF WATER SOLD**



**WATER VS SEWER CONNECTIONS**





## ENVIRONMENTAL AND SUSTAINABILITY REPORTING

THIWASCO 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 first, providing water and sewerage services and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### (i) Sustainability strategy and profile

THIWASCO underscores the need to have a healthy institution financially for it to be sustainable. During the period under review, the company continually implemented the five-year tariff approved in the year 2021 which has enabled us to have sound financial position. The new tariff has enabled the company to enhance the services rendered through implementing investments that are aimed at increasing water and sewerage coverage, repair and maintenance of the dilapidated infrastructure in bid to control NRW.

The approved budget for the period was adhered to, coupled with cost control measures, ensuring a healthy cash flow position during the year.

### (ii) Environmental performance

In efforts to conserve and create a habitable environment, THIWASCO collects and treats wastewater from households and industries in its area of jurisdiction. The company operates and maintains the infrastructure to undertake this function. Annual budget to expand sewer network to uncovered areas, rehabilitation, upgrade and maintenance of existing network is provided for. The company also makes budget provision for required equipment and tools to undertake sewer maintenance and operation works. Teams dedicated to sewer maintenance on a daily basis are fully equipped with transport and tools as well as regular training and provision of PPE. The company has continued to equip our laboratory for purposes of monitoring effluent quality from our waste water treatment plant. External validation tests are also carried out quarterly.

In an effort to combat climate change THIWASCO has further embraced environmental conservation measures through deliberately having a vote in its budget to support it. The budget has been utilised in planting over 12,000 trees and to save the region's water catchment areas through marking and pegging riparian areas. Fencing of the riparian land upstream of the Chania River at the Blue-Post Hotel Bridge was completed.

### (iii) Employee welfare

THIWASCO is guided by an approved HR manual/policy on matters of employee welfare, which is in line with the relevant laws and regulations in Human Resources Management and the provisions of Employment Act, 2007.

### Policy guiding hiring process

THIWASCO is an equal opportunity employer and will seek to recruit qualified persons for any arising vacancies. THIWASCO does not discriminate in employment opportunities or practices based on age, race, marital status, gender, nationality, sexual orientation, language, colour, religion, political or other opinion, ethnic or social origin, disability, pregnancy or health status. The calibre of staff recruited will be competent individuals who are prepared to meet high standards of performance and demonstrate both integrity and professional skills.



### **Skills improvement and performance**

The company has an entrenched competency-based training and assessment for enhanced productivity and performance improvement. The company bases training programmes on gaps identified during the TNA process.

The company has a performance management system that assesses the progress and results achieved during the appraisal period against set goals/objectives/annual plans. Staff are rewarded in terms of individual contributions to the achievement of THIWASCO goals.

We have an approved Occupational Safety and Health Act (OSHA) policy in operation under the oversight of the OSHA committee.

#### **(iv)Marketplace practices**

##### **a) Responsible competition practice.**

THIWASCO has anti-corruption, a well-documented draft policy that clearly outlines a legal and regulatory framework for fighting corruption and unethical conduct, institutional framework for fighting corruption, strategies for fighting corruption and implementation for the policy.

THIWASCO procures all its requirements through a well-established procuring unit with qualified procurement professionals. The procuring unit uses mostly the preferred method of procurement (open-national tendering) to procure its goods, works or services. Further other alternative methods of procurement RFQs, RFPs, Restricted tendering, Direct procurements are also applied whenever the requirements are not on open tenders.

### **Market analysis**

Prior to recommendation of award market survey is done to ensure the company gets value for money in all its procurements through; Online market survey, PPRA index guide, requesting for quotes from other suppliers who did not participate in the process and budget estimates from the user departments.

##### **b) Responsible Supply chain and supplier relations**

THIWASCO procurement processes are fair and equal to all suppliers who participate in the process. The company notifies the participants on the procurement outcomes citing reasons for disqualifications.

In case a bidder is not satisfied by the tender outcomes the company in the notification of award letter notifies bidders that they can request for debriefing of the tendering process within the specified timelines there in. The company also publicises tender opening reports, tender evaluation reports, contract awards on the PPIP portal which is accessible to all.

THIWASCO maintains a healthy buyer-supplier relationship by making payments within 60 days after submission of the invoices. Contract implementation teams, inspection teams are in place to inspect goods, works or services, give reports on contract progress, recommend on variations, contract extensions and issue completion certificates.



**c) Responsible marketing and advertising**

THIWASCO will continue to make use of the Above the Line (ATL) and the Below the Line (BTL) activities in its marketing and advertising strategy. These activities will include:

- (i) Organised customers' open days and customer service week;
- (ii) Holding water clinics, public Barazas for customer sensitization and mobilization.
- (iii) Participation in games;
- (iv) Participation in Corporate Social Responsibility activities; and
- (v) Emails, SMS, company website, signboards, mainstream and social media.

**d) Product stewardship**

THIWASCO acknowledges the need to involve consumers as participants in decisions that affect the way they receive water services, hence the deliberate action to have water clinics, stakeholder meetings and AGMs every year. The empowerment of consumers is in line with Kenya's constitution which recognizes access to water services as a human right. Water Act 2016 under Section 72 requires the regulator to establish a mechanism for handling complaints from consumers regarding the quality or nature of water services and develop guidelines on the establishment of consumer groups and facilitate their establishment. On the same note, we have an approved customer service policy and also have a module in the billing system to track and report on customer complaints. We also have a fully-fledged section within the commercial department to handle customer complaints and enhanced customer experience.

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

**1. Annual HIV Program.**

The company offered free testing and counselling services to over 542 members of the public on 1<sup>st</sup> and 2<sup>nd</sup> December 2022 at Mama Ngina Grounds for 2 days. We also created awareness to the members of the public on prevention measures and distributed condoms in the fight against HIV and AIDs transmission.

**2. Construction of a classroom.**

Through our CSI initiatives, Gatuanyaga primary school was selected for a classroom construction. This was concluded after a thorough field needs assessment with the findings citing high population in the school as a result of high enrolment of pupils through free primary education. The school also has a special class for children with special needs.

**3. Community Engagements**

Additionally, we have continued to engage our customers and members of the public through our various communication channels, to raise awareness and sensitise them on the very important matters.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING(Continued)**

We successfully engaged our stakeholders in a consultative meeting on Licensing. We also held various community engagement meetings to sensitise the community on our ongoing projects.

Provision of communal water tanks to low-income areas in Munyu, Komo, Giciiki and Kwa Simon Gatuaryaga during the prolonged drought. The tanks as well as public institutions hardest hit by the drought were supplied with water by THIWASCO water bowsers.

**4) Future plan and way forward**

We shall continue to Seek financial support from our stakeholders such as the county government of Kiambu to fund our various CSR initiatives such as the tree planting program, continue with our annual tree planting program with a target of over 5000 trees yearly and organize clean-up activities within our area of jurisdiction and plans to support low-income areas and underserved areas.



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the company's affairs.

**i) Principal activities**

The principal activities of the Company are to ensure efficient and sustainable provision of quality and affordable water and sewerage services in its area of jurisdiction. The core business includes the following:

1. Source for water
2. Treatment of water
3. Collection and treatment of sewage
4. Distribution of water
5. Billing customers for water and sanitation service provision
6. Revenue collection

**ii) Results**

The results of the company for the year ended June 30, 2023 are set out on pages 1-59  
Below is a summary of the profit or loss made during the year.

| Description        | Kshs        |
|--------------------|-------------|
| Revenue            | 921,550,447 |
| Recurrent Expenses | 850,892,440 |
| EBT                | 70,658.007  |

**iii) Dividends**

The company did not declare dividends for the year ended June 30, 2023

**iv) Directors**

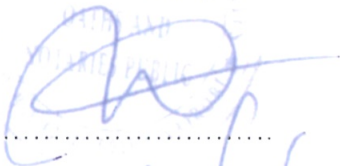
The members of the Board of Directors who served during the year are shown on page IV, In accordance with the company's Memorandum and Articles of Association.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

**By Order of the Board**

**Nyongesa Nafula & Co. Advocates**

Signature.....

Date.....16/2/24

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2023. 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 Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2023, and of the Company's financial position as at that date.



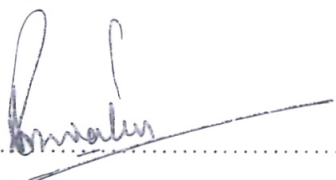
**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

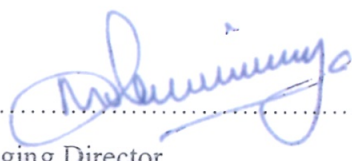
The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The company financial statements were approved by the Board on 15/02/ 2024 and signed on its behalf by:

Sign.....  
Chairperson of the Board  
Eng. Joseph M. Wakimani

Sign.....  
Managing Director  
Dr. Moses Kinya



# REPUBLIC OF KENYA

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Anniversary Towers  
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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON THIKA WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

- A. Report on the 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 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 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Thika Water and Sewerage Company Limited set out on pages 1 to 82, which comprise of the statement of financial position as at 30 June, 2023, the statement of profit or loss and other comprehensive



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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika Water and Sewerage Company Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Water Act, 2016, the Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Expenditure on Abstraction Fees**

The statement of profit or loss and other comprehensive income reflects general and operations expenses amount of Kshs.424,101,150 as disclosed in Note 12 to the financial statements. Included in this amount is Kshs.31,293,813 expensed as abstraction fees to Water Resources Management Authority. However, Management did not provide payment vouchers totalling Kshs.28,559,578 for audit.

In the circumstances, the accuracy and completeness of the abstraction fees amount of Kshs.31,293,813 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Thika Water and Sewerage Company Limited Management in accordance with ISSAI 130 on 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **Prior Year Unresolved Issues**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness in Use of Public Resources. However,



the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on 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. Non-Revenue Water**

Review of records revealed that the Company produced 14,140,519 cubic meters (m<sup>3</sup>) of water out of which only 9,572,743 m<sup>3</sup> was billed to customers. The balance of 4,567,776 m<sup>3</sup> or approximately 32% of the total produced represents Non-Revenue Water. The NRW is 7% over and above the allowable loss of 25% in accordance with the Water Services Regulatory Board guidelines. The Non-Revenue Water of 32% may have resulted to loss of revenue estimated at Kshs.228,388,800.

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

#### **2. Non-Compliance with Minimum Requirement on Employee Ethnic Balance**

Review of staff records revealed that the Company had a total of two eighty-six (286) employees, out of which two hundred and thirty-eight (238) or 83% were from the dominant community. This was contrary to Section 7(1) & (2) of the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and no public establishment shall have more than one third of its staff from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 overall 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

## **Responsibilities of Management and Board of Directors**

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Company's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a



basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

18 April, 2024

**Thika Water & Sewerage Company Ltd****Annual Report and Financial Statements for the year ended June 30, 2023****STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023**

|                                     |             | <b>2022-2023</b>   | <b>2021-2022</b> |
|-------------------------------------|-------------|--------------------|------------------|
|                                     | <b>Note</b> | <b>Kshs</b>        | <b>Kshs"000"</b> |
| <b>REVENUE</b>                      |             |                    |                  |
| Operating Revenue                   | 6           | 907,672,714        | 877,000          |
| Grant income                        | 7           | 7,669,496          | 20,532           |
| Other Income                        | 8           | 3,403,238          | 2,887            |
| Finance Income                      | 9           | 2,805,000          | -                |
| <b>TOTAL REVENUE</b>                |             | <b>921,550,447</b> | <b>900,418</b>   |
|                                     |             |                    |                  |
| <b>EXPENSES</b>                     |             |                    |                  |
| Staff costs                         | 11          | 312,274,513        | 306,270          |
| General and operation expenses      | 12          | 424,101,150        | 402,806          |
| Board expenses                      | 13          | 12,476,675         | 14,009           |
| Maintenance costs                   | 14          | 67,400,983         | 75,932           |
| Depreciation and amortization       | 15          | 31,521,606         | 22,807           |
| Finance costs                       | 16          | 3,117,513          | 2,366            |
| <b>TOTAL EXPENSES</b>               |             | <b>850,892,440</b> | <b>824,190</b>   |
|                                     |             |                    |                  |
| <b>Profit/(loss)Before Taxation</b> |             | <b>70,658,007</b>  | <b>76,229</b>    |
| <b>Income tax Expense/(Credit)</b>  | 17          | <b>21,197,402</b>  | <b>22,869</b>    |
| <b>Profit/(loss) After Taxation</b> |             | <b>49,460,605</b>  | <b>53,360</b>    |



**Thika Water & Sewerage Company Ltd.**

**Annual Report and Financial Statements for the year ended June 30, 2023**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

| ASSETS                               | Note | 2022/2023            | 2021/2022        |
|--------------------------------------|------|----------------------|------------------|
| <b>Non-Current Assets</b>            |      | <b>Kshs</b>          | <b>Kshs"000"</b> |
| Land                                 | 20   | 28,596,000           | 28,596           |
| Property, plant and equipment        | 20   | 365,306,822          | 322,638          |
| Intangible assets                    | 21   | 1,780,833            | 2,670            |
| Right -of-use assets                 | 23   | 28,527,214           | 21,179           |
| <b>Total Non-Current Assets</b>      |      | <b>424,210,869</b>   | <b>375,084</b>   |
| <b>Current Assets</b>                |      |                      |                  |
| Inventories                          | 28   | 25,972,212           | 29,356           |
| Trade and other receivables          | 29   | 499,139,343          | 493,917          |
| Vat receivable                       | 30   | 11,452,035           | -                |
| Short- term Deposits                 | 31   | 75,500,000           | 40,000           |
| Bank and cash balances               | 32   | 44,214,262           | 97,337           |
| <b>Total Current Assets</b>          |      | <b>656,277,851</b>   | <b>660,610</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>1,080,488,719</b> | <b>1,035,694</b> |
| <b>EQUITY AND LIABILITIES</b>        |      |                      |                  |
| <b>Capital and Reserves</b>          |      |                      |                  |
| Ordinary share capital               | 33   | 100,000              | 100              |
| Retained earnings                    | 36   | 450,775,547          | 410,216          |
| <b>Capital and Reserves</b>          |      | <b>450,875,547</b>   | <b>410,316</b>   |
| <b>Non-Current liabilities</b>       |      |                      |                  |
| Long term loan                       | 38   | 12,875,000           | 18,875           |
| Lease Liability                      | 39   | 33,769,621           | 23,672           |
| long term outstanding payables       | 42   | 218,014,348          | 218,014          |
| <b>Total non-current liabilities</b> |      | <b>264,658,968</b>   | <b>260,561</b>   |
| <b>Current Liabilities</b>           |      |                      |                  |
| Provisions                           | 40   | 57,004,725           | 62,976           |
| Trade and other payables             | 42   | 170,528,330          | 122,636          |
| Refundable deposits and Prepayments  | 43   | 116,223,971          | 100,705          |
| Taxation                             | 46   | 21,197,179           | 78,500           |
| <b>Total Current Liabilities</b>     |      | <b>364,954,205</b>   | <b>364,817</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>1,080,488,720</b> | <b>1,035,694</b> |

The financial statements were approved by the Board on 15/02/ 2024 and signed on its behalf by:

*Moses Kinya*  
Managing Director

*CPA Rosemary Wamaita*  
Head of Finance  
ICPAK M/No: 8680

*Joseph M. Wakimani*  
Chairman of the Board

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

|                                    | Share Capital | General Reserves | Capital Reserve | Total       |
|------------------------------------|---------------|------------------|-----------------|-------------|
|                                    | ksh           | ksh              | ksh             | ksh         |
| <i>Balance as at 1st July 2021</i> | 100,000       | 132,585,545      | 223,237,227     | 355,922,772 |
| <i>Prior year Adjustment</i>       | -             | 1,033,509        | -               | 1,033,509   |
| <i>surplus for the period</i>      | -             | 53,359,984       | -               | 53,359,984  |
| <i>Balance as at 30 June 2022</i>  | 100,000       | 186,979,038      | 223,237,227     | 410,316,265 |
| <i>Balance as at 1st July 2022</i> | 100,000       | 186,979,038      | 223,237,227     | 410,316,265 |
| <i>Prior year adjustment</i>       | -             | (8,901,323)      | -               | (8,901,323) |
| <i>surplus for the period</i>      | -             | 49,460,605       | -               | 49,460,605  |
| <i>Balance as at 30 June 2023</i>  | 100,000       | 227,538,320      | 223,237,227     | 450,875,547 |

**Note:**

1. Prior year adjustment represents under provisions for taxation and overstated expenditure in the previous period.



**Thika Water & Sewerage Company Ltd**

**Annual Report and Financial Statements for the year ended June 30, 2023**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

|                                                         | Note | 2022-2023           | 2021-2022        |
|---------------------------------------------------------|------|---------------------|------------------|
| <b>Cash Flows from Operating Activities</b>             |      |                     |                  |
| <b>Receipts</b>                                         |      | <b>Kshs</b>         | <b>Kshs"000"</b> |
| Operating Revenue                                       |      | 868,594,545         | 808,923          |
| Other Income                                            |      | 1,619,317           | 369              |
| other collection- liquidation of performance bond       |      | 1,591,403           | 3,650            |
| Grant Income                                            |      | -                   | 15,351           |
| Other collection                                        |      | 4,727,350           | -                |
| Customer Deposits collection                            |      | 10,268,451          | 11,945           |
| Customer deposits receipts from loan repayments         |      | 6,000,000           | -                |
| <b>Total Receipts</b>                                   |      | <b>892,801,066</b>  | <b>840,238</b>   |
| <b>Payments</b>                                         |      |                     |                  |
| Staff Costs                                             |      | 302,509,600         | 314,245          |
| Board Expenses                                          |      | 11,039,065          | 14,069           |
| General and Operation Expenses                          |      | 420,455,677         | 374,073          |
| Maintenance                                             |      | 46,582,278          | 80,448           |
| Finance Costs                                           |      | -                   | 2,366            |
| Refund of Customer Deposits                             |      | 749,700             | 527              |
| Tax payment                                             |      | 88,222,238          | -                |
| <b>Total Payments</b>                                   |      | <b>869,558,558</b>  | <b>785,727</b>   |
| <b>Net Cash From/ (Used In) Operating Activities</b>    |      | <b>23,242,508</b>   | <b>54,510</b>    |
| <b>Cash Flows from Investing Activities</b>             |      |                     |                  |
| Purchase of Property, Plant and Equipment (PPE)         | 20   | (73,170,727)        | (58,577)         |
| <b>Net Cash From/ (Used In) Investing Activities</b>    |      | <b>(73,170,727)</b> | <b>(58,577)</b>  |
| <b>Cash Flows from Financing Activities</b>             |      |                     |                  |
| Interest from FDA                                       | 9    | 2,805,000           | -                |
| Repayment of Borrowings                                 | 38   | (6,000,000)         | (6,000)          |
| <b>Net Cash From/ (Used In) Financing Activities</b>    |      | <b>(3,195,000)</b>  | <b>(6,000)</b>   |
| <b>Increase/(Decrease) In Cash and Cash Equivalents</b> |      | <b>(53,123,219)</b> | <b>(10,067)</b>  |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   |      | <b>97,337,481</b>   | <b>107,405</b>   |
| <b>Cash and Cash Equivalents at End of The Year</b>     |      | <b>44,214,262</b>   | <b>97,337</b>    |

Thika Water & Sewerage Company Ltd  
Annual Report and Financial Statements for the year ended June 30, 2023

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023

|                                               | Approved<br>annual<br>Budget | Adjustments          | Approved<br>supplementary<br>budget | Actual on<br>comparable<br>basis | Performance<br>difference | % of<br>Utilisati<br>on |
|-----------------------------------------------|------------------------------|----------------------|-------------------------------------|----------------------------------|---------------------------|-------------------------|
|                                               | a                            | b                    | c=a+b                               | d                                | e=c-d                     | f=d/c                   |
| REVENUE                                       | Kshs                         | Kshs                 | Kshs                                | Kshs                             | Kshs                      | %                       |
| Billing revenue                               | 984,932,000                  | - 59,156,000         | 925,776,000                         | 888,784,055                      | (36,991,946)              | 96                      |
| sewer connection charges                      | 2,150,000                    | -                    | 2,150,000                           | 1,825,000                        | (325,000)                 | 85                      |
| Water connection charges                      | 4,500,000                    | - 500,000            | 4,000,000                           | 3,753,030                        | (246,970)                 | 94                      |
| Exhauster services                            | 568,000                      | - 438,000            | 130,000                             | 120,000                          | (10,000)                  | 92                      |
| Other misc income                             | 850,000                      | 410,000              | 1,260,000                           | 1,811,835                        | 551,835                   | 144                     |
| Reconnection fee and penalties                | 4,650,000                    | 5,388,000            | 10,038,000                          | 8,962,000                        | (1,076,000)               | 89                      |
| Water bowser                                  | 2,352,000                    | 1,148,000            | 3,500,000                           | 3,483,284                        | (16,716)                  | 100                     |
| Meter servicing                               | -                            | 500,000              | 500,000                             | 745,345                          | 245,345                   | 149                     |
| <b>Sub-total</b>                              | <b>1,000,002,000</b>         | <b>(52,648,000)</b>  | <b>947,354,000</b>                  | <b>909,484,549</b>               | <b>37,869,452</b>         | <b>96</b>               |
| Interest from FDA                             | -                            | -                    | -                                   | 2,805,000                        | 2,805,000                 | -                       |
| Liquidation of performance bond               |                              |                      |                                     | 1,591,403                        | 1,591,403                 | -                       |
| Grant received in kind                        |                              |                      |                                     | 7,669,496                        | 7,669,496                 | -                       |
| <b>TOTAL REVENUE</b>                          | <b>1,000,002,000</b>         | <b>(105,296,000)</b> | <b>947,354,000</b>                  | <b>921,550,447</b>               | <b>49,935,350</b>         | <b>97</b>               |
| <b>EXPENSES</b>                               |                              |                      |                                     |                                  |                           |                         |
| General and operation expenses                | 332,271,435                  | 55,338,725           | 387,610,160                         | 424,101,150                      | 36,490,990                | 109                     |
| Board Expenses                                | 12,000,000                   | -                    | 12,000,000                          | 12,476,675                       | 476,675                   | 104                     |
| Staff Cost                                    | 352,554,000                  | - 15,054,000         | 337,500,000                         | 312,274,513                      | (25,225,487)              | 93                      |
| Maintenance costs                             | 113,470,000                  | - 20,495,000         | 92,975,000                          | 67,400,983                       | (25,574,017)              | 72                      |
| Depreciation of property, plant and equipment | -                            | -                    | -                                   | 31,521,606                       | 31,521,606                | -                       |
| Income tax credit/expense                     | -                            | -                    | -                                   | 21,197,402                       | 21,197,402                | -                       |
| Finance expense                               | -                            | -                    | -                                   | 3,117,513                        | 3,117,513                 | -                       |
| <b>Total recurrent expenditure</b>            | <b>810,295,435</b>           | <b>19,789,725</b>    | <b>830,085,160</b>                  | <b>872,089,842</b>               | <b>42,004,682</b>         | <b>105</b>              |
| <b>Profit or Loss</b>                         | <b>189,706,565</b>           | <b>-</b>             | <b>117,268,840</b>                  | <b>49,460,605</b>                | <b>7,930,668</b>          | <b>42</b>               |
| <b>Capital expenditure</b>                    | <b>207,970,000</b>           | <b>- 90,779,000</b>  | <b>117,191,000</b>                  | <b>73,170,727</b>                | <b>44,020,273</b>         | <b>62</b>               |
| <b>Total expenditure</b>                      | <b>1,018,265,435</b>         | <b>- 70,989,275</b>  | <b>947,276,160</b>                  | <b>945,260,570</b>               | <b>2,015,590</b>          | <b>100</b>              |



**STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023(Continued)**

**Notes;**

- i. Meter servicing surpassed the budget by 49% as a result of massive meter testing done.

Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes.

- i. Revenue projections revised downwards at Kshs 947m from Kshs 1b previously budgeted for guided by the half year performance which were considered to have a marginal increase.
- ii. Expenditure were revised guided by the change in priorities on some vote heads.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Thika water and sewerage Company Ltd is established by and derives its authority and accountability from Water Act 2016. The Company is wholly owned by the Kiambu County Government and is domiciled in Kenya. The Company's principal activity is to carry out the business of water and sewerage services within Thika Sub-County and its environs.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement of financial instruments at fair value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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

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



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**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 2023.*

| Title                                                                                                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Effective Date                                                                                   |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| IFRS 17<br>Insurance<br>Contracts<br>(issued in May<br>2017)                                             | <p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.</p> <p><i>The Company does not issue insurance contracts. / The company is an insurance company. The adoption of IFRS 17 has had the following effects:</i></p> <p><i>Xxx</i></p> <p><i>Xxx</i></p> <p><i>(Amend as appropriate)</i></p> | Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.                 |
| IAS<br>(International<br>Accounting<br>Standards) 8-<br>Accounting<br>Policies, Errors,<br>and Estimates | <p>The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.</p> <p><i>(entity to state the effect of amendments on their financial statements for the year ended.)</i></p>                                                                                                                                                                                                                                                                        | The amendments are effective for annual reporting periods beginning on or after January 1, 2023. |
| Amendments to<br>IAS 1 titled<br>Disclosure of<br>Accounting                                             | The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.                                                                                                                                                                                                                                                                                                                                                                                                                                        | The amendments are effective for annual periods beginning on                                     |

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| <b>Title</b>                                                                                                                      | <b>Description</b>                                                                                                                                                                                                                                                                                                                         | <b>Effective Date</b>                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Policies (issued in February 2021)                                                                                                | <i>(Entity to state whether this has brought about changes to the accounting policies disclosed)</i>                                                                                                                                                                                                                                       | or after January 1, 2023.                                                              |
| Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021) | The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. | The amendments are effective for annual periods beginning on or after January 1, 2023. |

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



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| <b>Title</b>                                                                                                                         | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                | <b>Effective Date</b>                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022) | The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period                                                                                              | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |
| Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)                                       | The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.                                                                                                                                               | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |
| Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)                                           | The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |

#### Notes to the Financial Statements (Continued)

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*

Thika water & Sewerage Company Ltd did not early – adopt any new or amended standards in the year under review.

#### **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) Other income** is recognized as it accrues.



**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**b) In-kind contributions**

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

**c) Property, plant and equipment**

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

**d) Depreciation and impairment of property, plant and equipment**

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

| Item                                     | Years | Rates |
|------------------------------------------|-------|-------|
| Freehold Land                            | -     | -     |
| Leasehold Land                           | -     | -     |
| Infrastructure works                     | 10    | 10%   |
| Plant and machinery                      | 10    | 10%   |
| Motor vehicles, including motor cycles   | 4     | 25%   |
| Computers and related equipment          | 4     | 25%   |
| Office equipment, furniture and fittings | 10    | 10%   |

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

**e) Intangible assets**

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

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

**f) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the



**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount.

**g) Investment property**

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

**Notes to the financial statements (continued)**

**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) Inventories**

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

**j) 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 41 of this report. Similarly, a disclosure for contingent assets is on page 51.



**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**k) 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.

**l) 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 utilised, 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 utilised.

Notes to the financial statements (continued)

**Summary of Accounting Policies**

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 utilised. Unrecognised 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 realised 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.

**m) 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.



**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**n) 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.

**o) 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 on 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.

**p) Trade and other payables**

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

Notes to the financial statements (continued)

Summary of Accounting Policies

q) **Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees since inception, 2009. The scheme is administered by RBA through a registered pension scheme (Lap fund & CPF) 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 and is currently at 15% (Basic and house allowance) per employee per month for (Lap fund & CPF) while for NSSF it is capped at Kshs 1,080 -UEL.

r) **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 where applicable.

s) **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.



**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**t) Budget information**

The original budget for FY 2022-2023 was approved by the Board of Directors in March 2022. 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 March 2023 on the 2022-2023 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 on page 6 of these financial statements.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**u) 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.

**v) Comparative figures**

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

**w) 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, 2023.

**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.



**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**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 40.

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. Applicable provision for the organisation on bad debts is 15% for debt beyond twelve months, due to provisions within the billing system, provision is hence applied for debts beyond ninety days. Obsolete stocks are earmarked for disposal guided by the PPDA 2015.

Notes to the financial statements (continued)

6. Operating Revenue

|                            | 2022/2023          | 2021/2022      |
|----------------------------|--------------------|----------------|
| Description                | Kshs               | Kshs"000"      |
| Water sales                | 631,036,679        | 608,173        |
| Sewerage services          | 257,747,376        | 248,409        |
| Billing for other services | 18,888,659         | 20,419         |
| <b>Total</b>               | <b>907,672,714</b> | <b>877,000</b> |

*Billing for other services refers to income generated from services such as reconnection charges and sur-charge for illegal consumption, new connection charges (water & sewer), meter servicing, exhausters services etc*

7. Grants Income

|                                                          | 2022/2023        | 2021/2022     |
|----------------------------------------------------------|------------------|---------------|
| Description                                              | Kshs             | Kshs"000"     |
| Recurrent/operational grants from others agencies (CSLG) | -                | 15,351        |
| In kind contribution/donation from other agencies        | 7,669,496        | 5,180         |
| <b>Total</b>                                             | <b>7,669,496</b> | <b>20,532</b> |

*The grant from CLSG was the second and last tranche as per the signed award contract aimed at cushioning the WSP of the world pandemic, while the in-kind contribution were consumer meters and Protective clothing's received from WASH-FIN. The programme also catered for labour costs associated with meter replacement.*



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continued)**

| Name of the entity sending grant                           | Amount recognized in the statement of comprehensive income Kshs | amount deferred under deferred income Kshs | amount recognized in capital fund Kshs | Total grant income during the year | 2022-2023 Kshs   |
|------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------|----------------------------------------|------------------------------------|------------------|
| In kind contribution/donation from other agencies- WASHFIN | 7,669,496                                                       |                                            | -                                      | 7,669,496                          | 7,669,496        |
| <b>Total</b>                                               | <b>7,669,496</b>                                                |                                            | <b>-</b>                               |                                    | <b>7,669,496</b> |

**8. Other Income**

|                                            | 2022/2023        | 2021/2022    |
|--------------------------------------------|------------------|--------------|
| Description                                | Kshs             | Kshs"000"    |
| other miscellaneous income                 | 1,811,835        | 368          |
| Decrease in provision for bad debts        | -                | 2,519        |
| Receipts from Performance bond liquidation | 1,591,403        | -            |
| <b>Total</b>                               | <b>3,403,238</b> | <b>2,887</b> |

*Miscellaneous income refers to income generated from private exhausters discharging in company's sewer system.*

*Liquidation of performance bond from AAR after termination of the contract, that had previously been disclosed as a contingent asset.*

**9. Finance Income**

| Description                          | 2022/2023        | 2021/2022 |
|--------------------------------------|------------------|-----------|
|                                      | Kshs             | Kshs"000" |
| Interest from commercial banks (FDA) | 2,805,000        | -         |
| <b>Total</b>                         | <b>2,805,000</b> | <b>-</b>  |

*The company had fixed Kshs 40m held on customers water deposits account for a period of twelve months, with Equity bank, which upon maturity, the interest earned is as disclosed.*

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continued)**

**10. Other Gains and Losses**

No gains or losses were realized during the reporting period.

**11. Staff Costs**

|                                                        | <b>2022/2023</b>   | <b>2021/2022</b> |
|--------------------------------------------------------|--------------------|------------------|
| <b>Description</b>                                     | <b>Kshs</b>        | <b>Kshs"000"</b> |
| Salaries and allowances                                | 235,315,897        | 225,290          |
| Casual wages and interns                               | 7,181,983          | 11,521           |
| Gratuity                                               | 12,157,446         | 9,921            |
| N.S.S.F Employers contribution                         | 1,651,485          | 360              |
| Pension Employers contribution                         | 20,511,494         | 23,701           |
| Overtime Allowance                                     | 4,631,173          | 5,243            |
| NITA levy                                              | 384,250            | -                |
| Medical expenses                                       | 22,758,497         | 22,993           |
| Staff welfare                                          | 709,470            | 470              |
| Performance bonus                                      | 6,972,818          | 6,771            |
| <b>TOTAL STAFF COST</b>                                | <b>312,274,513</b> | <b>306,270</b>   |
| The average No. of employees at end of the period was: | <b>Number</b>      | <b>Number</b>    |
| Permanent employees-Management                         | 23                 | 23               |
| Permanent employees-Unionisable                        | 189                | 196              |
| Temporary & contracted employees                       | 54                 | 61               |

*Some of the workforce previously engaged on casual terms were absorbed in the company, hence a decrease in casual wages and an increase in salaries and allowances.*

*NSSF in the current period shot by four folds as a result of implementation of the NSSF Act of 2013 early in the year.*



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continued)**

**12. General and Operations Expenses**

|                                                 | <b>2022/2023</b> | <b>2021/2022</b> |
|-------------------------------------------------|------------------|------------------|
| <b>Description</b>                              | <b>Kshs</b>      | <b>Kshs"000"</b> |
| Electricity                                     | 154,788,040      | 127,584          |
| Chemicals                                       | 35,710,417       | 25,989           |
| Fuel, oil, lubricants and gases                 | 9,390,785        | 9,002            |
| Office rent                                     | 1,006,398        | 2,040            |
| Publishing, Printing and Stationery             | 4,436,217        | 3,271            |
| Postal, bulk SMS, Telephone & Internet Expenses | 14,036,749       | 13,449           |
| Workshop and conferences                        | 7,598,386        | 3,661            |
| Legal and Professional fees                     | 12,374,677       | 12,362           |
| Advertising & publicity Expenses                | 2,882,230        | 2,100            |
| Staff Training and Development Expenses         | 19,361,219       | 10,060           |
| Staff team building activities                  | 5,642,685        | 5,100            |
| Staff wellness program                          | 4,969,500        | -                |
| Terminal dues                                   | 2,722,089        | 26               |
| Licences renewals                               | 831,085          | 1,809            |
| Abstraction fees to WRA                         | 31,293,813       | 6,802            |
| Sewer discharge levies -WRA                     | 793,945          | 1,522            |
| Regulatory fee to WASREB                        | 36,368,707       | 35,095           |
| Standards levy (KEBS)                           | 181,296          | 175              |
| Insurances                                      | 7,266,992        | 4,278            |
| Travelling and Accommodation -Domestic          | 14,513,352       | 13,396           |
| Travelling and Accommodation -Foreign           | 3,573,692        | 2,672            |
| Travel expenses-Mileage                         | 219,002          | 299              |
| Bank Charges & commission                       | 1,202,773        | 440              |
| Security Services                               | 14,859,770       | 13,199           |
| Programs (OSHA, HIV, ISO, ERM)                  | 1,082,797        | 431              |
| Staff uniforms & other PPE's                    | 4,297,532        | 3,263            |
| COVID-19 Measures                               | 152,000          | 597              |
| Telephone IPBX (Desktop wireless)               | 624,200          | 28               |
| Fleet management system                         | -                | 2,605            |
| Audit fees                                      | 421,000          | 421              |
| Subscription fees                               | 643,420          | 437              |
| Corporate Social Investment                     | 2,847,807        | 1,694            |
| Environment conservation                        | 2,281,385        | 1,656            |
| Office General expenditure and Cleaning         | 6,036,526        | 5,845            |
| Stake holders' expenses(external)               | 3,319,830        | 3,730            |
| Annual internal stake holders meeting           | 1,907,200        | 1,799            |
| Annual General meeting                          | 94,000           | 87               |

**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

|                                              |                    |                |
|----------------------------------------------|--------------------|----------------|
| Sports-WASCO                                 | -                  | 5,228          |
| Others sports events                         | 942,433            | 162            |
| Asset tagging                                | -                  | 100            |
| Registration of Thiwasco properties          | -                  | 1,275          |
| Branding of company properties               | 485,753            | 324            |
| Provision for doubtful debts.                | 2,666,741          | -              |
| provision for bad debts-Specific             | 10,274,708         | 78,792         |
| <b>Total general and operations Expenses</b> | <b>424,101,150</b> | <b>402,806</b> |

**13. Board Expenses**

|                             | <b>2022/2023</b>  | <b>2021/2022</b> |
|-----------------------------|-------------------|------------------|
| <b>Description</b>          | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Chairman honoraria          | 960,000           | 960              |
| Board Allowances & expenses | 10,201,628        | 11,974           |
| Medical expenses            | 1,315,046         | 1,074            |
| <b>Total Board Expenses</b> | <b>12,476,675</b> | <b>14,009</b>    |

**14. Maintenance Expenses**

|                                                       | <b>2022/2023</b>  | <b>2021/2022</b> |
|-------------------------------------------------------|-------------------|------------------|
| <b>Description</b>                                    | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Computer maintenance, repair & Accessories            | 649,875           | 1,796            |
| Rehabilitation & improvement of treatment/sewer works | -                 | 3,622            |
| Ponds and sewer maintenance                           | 686,814           | -                |
| Building & stations                                   | 971,739           | 1,151            |
| Motor vehicle Operating Expenses                      | 6,030,714         | 3,704            |
| Water meters                                          | 23,137,731        | 22,387           |
| Tools & equipment                                     | 4,231,471         | 3,454            |
| Infrastructural networks                              | 20,275,220        | 27,355           |
| Water testing (sampling) analysis                     | 326,896           | 528              |
| Plant and Equipment's                                 | 11,090,523        | 11,936           |
| <b>Total maintenance Expenses</b>                     | <b>67,400,983</b> | <b>75,932</b>    |



**Thika Water & Sewerage Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continued)**

**15. Depreciation and Amortization Expenses**

|                                            | 2022/2023         | 2021/2022     |
|--------------------------------------------|-------------------|---------------|
| Description                                | Kshs              | Kshs"000"     |
| Property, plant and equipment              | 27,397,342        | 19,121        |
| Right of use assets                        | 3,235,182         | 2,353         |
| Intangible assets                          | 889,082           | 1,333         |
| <b>Total Depreciation and Amortization</b> | <b>31,521,606</b> | <b>22,807</b> |

The company entered into an additional lease within the period.

**16. Finance costs**

|                               | 2022/2023        | 2021/2022    |
|-------------------------------|------------------|--------------|
| Description                   | Kshs             | Kshs"000"    |
| Interest on lease liabilities | 3,117,513        | 2,366        |
| <b>Total</b>                  | <b>3,117,513</b> | <b>2,366</b> |

The lease liabilities relate to a rental office space in Thika town

**17. Income Tax Expense/(Credit)**

**Current taxation**

|                                                                   | 2022/2023         | 2021/2022     |
|-------------------------------------------------------------------|-------------------|---------------|
| Description                                                       | Kshs              | Kshs"000"     |
| Current taxation based on the adjusted profit for the year at 30% | 21,197,402        | 22,869        |
| Current tax: prior year under/(over) provision                    | -                 | -             |
| Current year deferred tax charge                                  | -                 | -             |
| Prior period under-provision for deferred tax                     | -                 | -             |
|                                                                   | <b>21,197,402</b> | <b>22,869</b> |

Notes to the financial statements (continued)

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

|                                                                         | 2022/2023         | 2021/2022     |
|-------------------------------------------------------------------------|-------------------|---------------|
| Description                                                             | Kshs              | Kshs''000''   |
| Profit before taxation                                                  | 70,658,007        | 76,229        |
|                                                                         |                   |               |
| Tax at the applicable tax rate of 30%                                   | 21,197,402        | 22,868.56     |
| Current tax: 2020/2021 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/amortisation | -                 | -             |
| Deferred tax prior year over-provision                                  |                   | -             |
| <b>Total</b>                                                            | <b>21,197,402</b> | <b>22,869</b> |

**18. Earnings Per Share**

The Company did not declare EPS (earnings per share) within the reporting period.

**19. Dividend Per Share**

The Company did not declare dividend within the reporting period.



Notes to the financial statements (continued)

**20. Property, Plant and Equipment**

| PARTICULARS                 | LAND       | BUILDINGS | PLANT & EQUIPMENTS | FURNITURE & FITTINGS | MOTOR VEHICLE S/BIKES | OFFICE EQUIPMENT | BORE HOLE  | METER READING DEVICES | WATER METERS-DMA's | WATER & SEWERAGE INFRASTRUCTURE | CAPITAL WORK IN PROGRESS | TOTALS      |
|-----------------------------|------------|-----------|--------------------|----------------------|-----------------------|------------------|------------|-----------------------|--------------------|---------------------------------|--------------------------|-------------|
| COST                        |            |           |                    |                      |                       |                  |            |                       |                    |                                 |                          |             |
| BAL B/F: 1.7.2021           | 28,596,000 | 3,417,250 | 36,191,884         | 8,197,961            | 43,550,310            | 23,446,157       | 20,746,370 | 349,200               |                    | 211,778,410                     | 24,682,577               | 400,956,119 |
| ADDITIONS FOR THE YEAR:     |            | -         | 421,776            | 5,994,824            | 10,229,000            | 5,546,218        | -          | -                     |                    | 376,491                         | 36,008,980               | 58,577,289  |
| DISPOSAL FOR THE YEAR:      | -          |           | -                  | -                    | -                     | (116,800)        |            |                       |                    |                                 | -                        | (116,800)   |
| TOTAL COST JUNE 2022        | 28,596,000 | 3,417,250 | 36,613,660         | 14,192,785           | 53,779,310            | 28,875,575       | 20,746,370 | 349,200               |                    | 212,154,901                     | 60,691,557               | 459,416,608 |
| DEPRECIATION                |            |           |                    |                      |                       |                  |            |                       |                    |                                 | -                        |             |
| AT 1ST JULY 2021            | -          | 689,811   | 13,403,698         | 4,097,921            | 19,217,812            | 18,882,976       | 6,409,266  | 243,315               |                    | 26,188,394                      | -                        | 89,133,195  |
| ELIMINATED ON DISPOSAL      | -          | -         | -                  | -                    | -                     | (73,294)         |            | -                     |                    |                                 | -                        | (73,294)    |
| CHARGE FOR THE YEAR:        | -          | 68,186    | 2,890,701          | 1,111,987            | 6,083,124             | 2,891,986        | 358,428    | 26,449                |                    | 5,689,639                       | -                        | 19,120,500  |
| AS AT 30TH JUNE 2022        | -          | 757,997   | 16,294,399         | 5,209,908            | 25,300,936            | 21,701,668       | 6,767,694  | 269,764               |                    | 31,878,033                      | -                        | 108,180,401 |
| NET BOOK VALUE AT 30/6/2022 | -          | 2,659,253 | 20,319,261         | 8,982,877            | 28,478,374            | 7,173,907        | 13,978,675 | 79,436                |                    | 180,276,868                     | 60,691,557               | 351,236,207 |
| COST                        |            |           |                    |                      |                       |                  |            |                       |                    |                                 | -                        | -           |
| BAL B/F: 1.7.2022           | 28,596,000 | 3,417,250 | 36,613,660         | 14,192,785           | 53,779,310            | 28,875,575       | 20,746,370 | 349,200               |                    | 212,154,901                     | 60,691,557               | 459,416,608 |
| ADDITIONS FOR THE YEAR:     | -          | 5,881,521 | 5,685,371          | 1,232,921            | 6,568,104             | 3,500,399        | -          | -                     | 3,400,499          | 11,533,881                      | 35,368,030               | 73,170,727  |
| DISPOSAL FOR THE YEAR:      | -          | -         | -                  | -                    | -                     |                  | -          |                       |                    | -                               | -                        | -           |
| TRANSFER TO ASSET           | -          | 2,059,945 | -                  | -                    |                       |                  |            |                       |                    | 53,683,169                      | (55,743,114)             | -           |
| REMOVED (PAID BY GRANT)     |            |           |                    |                      |                       |                  |            |                       |                    |                                 | (3,106,770)              | (3,106,770) |

**Thika Water & Sewerage Company Ltd**  
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**For the year ended June 30, 2023**

|                                              |            |            |            |            |            |            |            |         |           |             |            |             |
|----------------------------------------------|------------|------------|------------|------------|------------|------------|------------|---------|-----------|-------------|------------|-------------|
| TOTAL COST<br>JUNE 2023                      | 28,596,000 | 11,358,716 | 42,299,031 | 15,425,706 | 60,347,414 | 32,375,975 | 20,746,370 | 349,200 | 3,400,499 | 277,371,951 | 37,209,704 | 529,480,565 |
| DEPRECIATION                                 |            |            |            |            |            |            |            |         |           |             |            |             |
| AT 1ST JULY<br>2022                          | -          | 757,997    | 16,294,399 | 5,209,908  | 25,300,936 | 21,701,668 | 6,767,694  | 269,764 | -         | 31,878,033  | -          | 108,180,401 |
| ELIMINATED<br>ON DISPOSAL                    | -          | -          | -          | -          | -          | -          | -          | -       | -         | -           | -          | -           |
| CHARGE FOR<br>THE YEAR:                      | -          | 66,481     | 3,255,851  | 1,171,216  | 8,761,619  | 3,266,501  | 349,467    | 19,837  | 425,062   | 10,081,307  | -          | 27,397,342  |
| AS AT 30TH<br>JUNE 2023                      | -          | 824,479    | 19,550,250 | 6,381,124  | 34,062,556 | 24,968,169 | 7,117,161  | 289,601 | 425,062   | 41,959,340  | -          | 135,577,743 |
| NET BOOK<br>VALUE AS AT<br>30TH JUNE<br>2023 | 28,596,000 | 10,534,238 | 22,748,780 | 9,044,581  | 26,284,858 | 7,407,805  | 13,629,208 | 59,599  | 2,975,437 | 235,412,611 | 37,209,704 | 393,902,822 |

*Note;*

Work in progress represents;

- Construction of office block
- Construction of sewer lateral in Kiganjo and Witeithie
- Accounting software -Sage
- Sewer pipeline at Kang'oki
- Guard house

In addition to the land captured under assets movement schedule, below is additional disclosure of land parcels whose process of having the ownership transferred to Thika water & Sewerage Company Ltd is ongoing.

| LAND PARCELS |                 |             |                 |           |                        |                    |                |                                                                   |                                                                                                |
|--------------|-----------------|-------------|-----------------|-----------|------------------------|--------------------|----------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Item No.     | Project Name    | County Name | Name of Parcel  | Title No. | Date of Title Issuance | Land Reference No. | Land Size (Ha) | Current Registered Owner                                          | Current Status                                                                                 |
| 1.           | Water Treatment | Kiambu      | Water Treatment | N/A       | not known              | LR. NO. 11151      | 3.237          | County Government of Kiambu (formerly municipal council of Thika) | Comprises of water intake/inlet, water treatment works, pumps and houses, reservoirs, ablution |



|    |                            |          |                            |     |           |                  |        |                             |                                                                                                                                                              |
|----|----------------------------|----------|----------------------------|-----|-----------|------------------|--------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | Site LR. NO.<br>11151      |          | Site LR. NO.<br>11151      |     |           |                  |        |                             | blocks, staff houses and ablution block.                                                                                                                     |
| 2. | Thika Municipality         | Kiambu   | Thika Municipality         | N/A | not known | Block 10/685-716 |        | County Government of Kiambu | Staff quarters on one side and undeveloped land on the other side.                                                                                           |
| 3. | Thika River Intake         | Kiambu   | Thika River Intake         | N/A | not known | LR. NO. 295/16   | 0.298  | County Government of Kiambu | This is the site for water intake from Thika River, the plot is developed with a weir across Thika River, inlet channels, pump house and residential houses. |
| 4. | Bendor Lagoons             | Murang'a | Bendor Lagoons             | N/A | not known |                  | 0.2023 | County Government of Kiambu | It has two ponds enclosed by compacted Earth embankments.                                                                                                    |
| 5. | Kimatu's Reservoir         | Murang'a | Kimatu's Reservoir         | N/A | not known |                  |        | County Government of Kiambu | A steel tank on a steel platform capacity of 16m <sup>3</sup> . The plot set aside for the tank measures 20ft by 30ft.                                       |
| 6. | Bendor Reservoir           | Murang'a | Bendor Reservoir           | N/A | not known |                  | 0.02   | County Government of Kiambu | The property is developed with residential staff houses.                                                                                                     |
| 7. | Staff Residential Property | Kiambu   | Staff Residential Property | N/A | not known | LR. No. 4918/8   | 4.451  | County Government of Kiambu | The property is developed with residential staff houses.                                                                                                     |
| 8. | Mary Hill Reservoir        | Kiambu   | Mary Hill Reservoir        | N/A | not known |                  | 0.3086 | County Government of Kiambu | The plot is developed with a circular reinforced concrete tank.                                                                                              |

|     |                                    |        |                                    |     |           |  |         |                             |                                                                                                                                                                                                  |
|-----|------------------------------------|--------|------------------------------------|-----|-----------|--|---------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9.  | Chania Ward Reservoir              | Kiambu | Chania Ward Reservoir              | N/A | not known |  | 3.00    | County Government of Kiambu | The development comprises of the pump house, store, workers house, reservoir and ablution block                                                                                                  |
| 10. | Section Nine Reservoir             | Kiambu | Section Nine Reservoir             | N/A | not known |  | 0.23 ha | County Government of Kiambu | The plot is developed on an elevated reinforced concrete tank resting on a reinforced concrete structure. The tank is set on the North Eastern corner of the plot capacity is 48m <sup>3</sup> . |
| 11. | Control Base Reservoir             | Kiambu | Control Base Reservoir             | N/A | not known |  |         | County Government of Kiambu | The plot has an elevated reinforced concrete tank with a capacity of 36m <sup>3</sup> , and a semi-permanent iron sheet structure.                                                               |
| 12. | Kimathi Estate Reservoir Twin Tank | Kiambu | Kimathi Estate Reservoir Twin Tank | N/A | not known |  | 0.1076  | County Government of Kiambu | There is a twin steel tank resting on a steel structure with a capacity 448m <sup>3</sup>                                                                                                        |
| 13. | Makongeni Reservoir                | Kiambu | Makongeni Reservoir                | N/A | not known |  | 0.94    | County Government of Kiambu | Erected on the plot is an elevated steel water storage tank resting on a steel structure.                                                                                                        |
| 14. | Gatundu / Landless Reservoir       | Kiambu | Gatundu / Landless Reservoir       | N/A | not known |  | 0.108   | County Government of Kiambu | An erected elevated steel water tank with a capacity of 192m <sup>3</sup> and a pump house constructed                                                                                           |
| 15. | Old Sewerage Treatment site        | Kiambu | Old Sewerage Treatment site        | N/A | not known |  |         | County Government of Kiambu | The pump installed to direct sewer from the Northern trunk to the new sewer work. The structure also includes sewer tank and staff houses                                                        |



|     |                             |        |                             |     |           |  |       |                             |                                                                                               |
|-----|-----------------------------|--------|-----------------------------|-----|-----------|--|-------|-----------------------------|-----------------------------------------------------------------------------------------------|
| 16. | New Sewerage Treatment Work | Kiambu | New Sewerage Treatment Work | N/A | not known |  | 40    | County Government of Kiambu | Developed on this plot are waste stabilization ponds and residential houses.                  |
| 17. | Kilimambogo DC's Office     | Kiambu | Kilimambogo DC's Office     | N/A | not known |  |       | County Government of Kiambu | There is a borehole, a pump house and an office                                               |
| 18. | Weteithie Reservoir         | Kiambu | Weteithie Reservoir         | N/A | not known |  | 0.726 | County Government of Kiambu | The plot comprises of an elevated plastic tank resting on a steel structure and a site office |

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**Notes to the financial statements (continued)**

**Valuation**

Land and buildings, were not re- valued during the year hence carried at cost.

**20 (b) Property, Plant and Equipment at Cost**

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

|                                           | <b>COST</b>        | <b>Accumulated<br/>Depreciation</b> | <b>NBV</b>         |
|-------------------------------------------|--------------------|-------------------------------------|--------------------|
| <b>Description</b>                        | <b>Kshs</b>        | <b>Kshs</b>                         | <b>Kshs</b>        |
| Land                                      | 28,596,000         | -                                   | 28,596,000         |
| Buildings                                 | 11,358,716         | 824,479                             | 10,534,238         |
| Plant and machinery                       | 42,299,031         | 19,550,250                          | 22,748,780         |
| Motor vehicles, Including motorcycles     | 60,347,414         | 34,062,556                          | 26,284,858         |
| Computer and related equipment            | 32,375,975         | 24,968,169                          | 7,407,805          |
| Office equipment, furniture, and fittings | 15,425,706         | 6,381,124                           | 9,044,581          |
| Bore Hole                                 | 20,746,370         | 7,117,161                           | 13,629,208         |
| Water and Sewer Infrastructure            | 277,371,951        | 41,959,340                          | 235,412,611        |
| Meter reading devices                     | 349,200            | 289,601                             | 59,599             |
| Water meters-DMA's                        | 3,400,499          | 425,062                             | 2,975,437          |
| Works in progress                         | 37,209,704         | -                                   | 37,209,704         |
| <b>TOTAL</b>                              | <b>529,480,565</b> | <b>135,577,743</b>                  | <b>393,902,822</b> |



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**Notes to the financial statements (continued)**

**21. Intangible Assets**

| <b>Description</b>    | <b>2022/2023</b> | <b>2021/2022</b> |
|-----------------------|------------------|------------------|
| <b>COST</b>           | <b>Kshs</b>      | <b>Kshs"000"</b> |
| <b>At July 1</b>      | 14,598,288       | 14,598           |
| Additions             | -                | -                |
| Disposals             | -                | -                |
| <b>At June 30</b>     | 14,598,288       | 14,598           |
| <b>AMORTISATION</b>   |                  |                  |
| <b>At July 1</b>      | 11,928,373       | 10,595           |
| Charge for the year   | 889,082          | 1,333            |
| Disposals             | -                | -                |
| Impairment Loss       | -                | -                |
| <b>At June 30</b>     | 12,817,455       | 11,928           |
| <b>NET BOOK VALUE</b> |                  |                  |
| <b>At June 30</b>     | <b>1,780,833</b> | <b>2,670</b>     |

*This represents billing and accounting software, windows and software licences.*

**22. Investment Property**

The company did not hold investment property *as per IAS 40*

**Thika Water & Sewerage Company Ltd**  
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**Notes to the financial statements (continued)**

**23. Right-of-use assets**

|                                 | <b>BUILDING</b>   |
|---------------------------------|-------------------|
| <b>COST</b>                     | <b>Kshs</b>       |
| Cost b/f as at 1 July 2022      | 23,532,341        |
| Additions during the year       | 10,583,379        |
| <b>As at 30 June 2023</b>       | <b>34,115,720</b> |
| <b>Accumulated Depreciation</b> |                   |
| As at 1 July 2022               | 2,353,324         |
| Charge for the year June 2023   | 3,235,182         |
| <b>As at 30 June 2023</b>       | <b>5,588,506</b>  |
| <b>Carrying Amount</b>          |                   |
| <b>As at 30 June 2023</b>       | <b>28,527,214</b> |

**24. Biological Assets**

The company did not hold any Biological Asset.

**25. Fixed Interest Investments (Bonds)**

The company did not hold investments in form of bonds hence No fixed interest.

**26. Quoted Investments**

The company did not hold any quoted investments.

**27. Unquoted Investments**

The company did not hold any unquoted investments.



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**28. Inventories**

|                                  | <b>2022/2023</b>  | <b>2021/2022</b> |
|----------------------------------|-------------------|------------------|
| <b>Description</b>               | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Water Meters                     | 8,532,531         | 12,259           |
| Pipe And fittings                | 12,366,678        | 15,609           |
| Chemicals                        | 2,448,046         | 1,488            |
| Stationery and other consumables | 2,624,956         | -                |
| <b>TOTAL</b>                     | <b>25,972,212</b> | <b>29,356</b>    |

Included in the Inventory are;

water meters donated from defunct Athi water Services Board years back which are non-functional.

Donation in form of Water meters & staff Protective gears from WASHFIN.

Water Inventory as at 30<sup>th</sup> June 2023 was estimated at 16,695M3 valued Kshs 966,139

**29. Trade and Other Receivables**

|                                                                        | <b>2022/2023</b>   | <b>2021/2022</b> |
|------------------------------------------------------------------------|--------------------|------------------|
| <b>Description</b>                                                     | <b>Kshs</b>        | <b>Kshs"000"</b> |
| Trade receivables (29.a)                                               | 464,566,350        | 435,938          |
| Deposits and Prepayments                                               | 19,577,174         | 29,254           |
| Staff debtors                                                          | 1,734,923          | 1,735            |
| Vat recoverable                                                        | -                  | 14,342           |
| Billing services-WSPs                                                  | 10,792,225         | 10,847           |
| Staff receivable (note 29c)                                            | 4,103,594          | 3,436            |
| Share capital (County govt of .kiambu)                                 | 100,000            | 100              |
| Staff debtors (questionable vouchers)                                  | 3,039,051          | 3,039            |
| <b>TOTAL</b>                                                           | <b>503,913,316</b> | <b>498,691</b>   |
| Others:                                                                |                    |                  |
| Provision for bad and doubtful receivable-staff debtors (questionable) | (3,039,051)        | (3,039)          |
| Provision for bad and doubtful receivable-staff debtors                | (1,734,923)        | (1,735)          |
| <b>Net trade and other receivables</b>                                 | <b>499,139,343</b> | <b>493,917</b>   |

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**29. (a) Trade Receivables**

|                                    | <b>2022/2023</b>   | <b>2021/2022</b>   |
|------------------------------------|--------------------|--------------------|
| <b>Description</b>                 | <b>Kshs</b>        | <b>Kshs''000''</b> |
| Gross trade receivables            | 540,519,284        | 509,225            |
| Provision for doubtful receivables | (75,952,934)       | (73,286)           |
| <b>Net trade receivables</b>       | <b>464,566,350</b> | <b>435,938</b>     |

**Reconciliation of Impairment Allowance for Trade Receivables**

|                                       | <b>2022/2023</b>  | <b>2021/2022</b>   |
|---------------------------------------|-------------------|--------------------|
| <b>Description</b>                    | <b>Kshs</b>       | <b>Kshs''000''</b> |
| At the beginning of the year          | 73,286,193        | 75,805             |
| Additional provisions during the year | 2,666,741         | (2,519)            |
| Specific provisions                   | 10,274,708        | -                  |
| Recovered during the year             | -                 | -                  |
| Written off during the year           | (10,274,708)      |                    |
| <b>At the end of the year</b>         | <b>75,952,934</b> | <b>73,286</b>      |

**List of bad debts written off**

| <b>Account number</b> | <b>Account Name</b>             | <b>Meter Number</b> | <b>Balance</b>    |
|-----------------------|---------------------------------|---------------------|-------------------|
| 12759                 | THIWASCO BACKWASHING TANKS      | 15-13299            | 9,926,197         |
| 12757                 | THIWASCO CHEMICAL HOUSE         | AWSB15-12535        | 71,047            |
| 12755                 | THIWASCO TREATMENTT WASHROOMS   | AWSB15-12539        | 2,462             |
| 610011342             | THIWASCO WS LAWN                | C16SB093457         | 58,695            |
| 12753                 | THIWASCO LABORATORY             | H112265             | 10,052            |
| 12751                 | THIWASCO STAFF QTR UPPER        | H19VA057167         | 124,986           |
| 12756                 | THIWASCO OLDTBASINS STAND PIPES | AWSB15-12534        | 3,242             |
| 610011148             | THIWASCO MAIN GATE FOUNTAIN     | 1023043             | 15,025            |
| 12754                 | THIWASCO STORES                 | CJJKK5022           | 53,042            |
| 12752                 | THIWASCO STAFF QTR LOWER        | H19VA057471         | 4,571             |
| 660031675             | THIWASCO WITHEITHIE             | 120601773           | 6,713             |
| 690020262             | THIWASCO GATUANYAGA OFFICE      | C17VA135733         | 5,389             |
|                       | <b>TOTAL</b>                    |                     | <b>10,274,708</b> |



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**Notes to the financial statements (continued)**

**29.(b) Deposits and prepayments**

|                       | 2022/2023         | 2021/2022     |
|-----------------------|-------------------|---------------|
| Description           | Kshs              | Kshs''000''   |
| Prepaid expenses      | 18,822,556        | 28,744        |
| Deposits              | 754,618           | 510           |
| <b>TOTAL DEPOSITS</b> | <b>19,577,174</b> | <b>29,254</b> |

**29. (c) Staff Receivables**

|                                   | 2022/2023 | 2021/2022   |
|-----------------------------------|-----------|-------------|
|                                   | Kshs      | Kshs''000'' |
| Gross staff advances              | 4,103,594 | 3,436       |
| Provision for impairment loss     | 0         | 0           |
| Net staff advances                | 4,103,594 | 3,436       |
|                                   |           |             |
| Less: Amounts due within one year | 4,103,594 | 3,436       |
| Amounts due after one year        | 0         | 0           |

The company provides salary advances to staff on need basis recoverable/repayable within twelve months period.

**30. Tax Recoverable**

| 30. Tax recoverable              | 2022/2023         | 2021/2022   |
|----------------------------------|-------------------|-------------|
| At beginning of the year         | Kshs              | Kshs''000'' |
| Vat recoverable                  | 14,341,794        | -           |
| Over provision of tax receivable | (2,889,759)       | -           |
| Income tax paid during the year  | -                 | -           |
| <b>At end of the year</b>        | <b>11,452,035</b> | <b>0</b>    |

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**31. Short Term Deposits**

|                                  | 2022/2023         | 2021/2022     |
|----------------------------------|-------------------|---------------|
| Description                      | Kshs              | Kshs''000''   |
| Bank guarantee                   | 5,500,000         | -             |
| Fixed Deposit Account-Co-op bank | 70,000,000        | 40,000        |
| <b>TOTAL DEPOSITS</b>            | <b>75,500,000</b> | <b>40,000</b> |

The company placed a performance bond with Family Bank IFO WASREB in respect to operating licence.

The average effective interest rate on the short-term deposits as at June 30, 2023 was 11.1%

**32. Bank and Cash Balances**

|                      | 2022/2023         | 2021/2022     |
|----------------------|-------------------|---------------|
| Description          | Kshs              | Kshs''000''   |
| Cash at bank         | 44,139,099        | 97,298        |
| Cash at hand         | 42,234            | 2             |
| Mobile money account | 32,929            | 37            |
| <b>Total</b>         | <b>44,214,262</b> | <b>97,337</b> |

The bulk of the cash at bank was held at Equity Bank, Cooperative Bank of Kenya, who are the main bankers



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**Detailed analysis of the cash and cash equivalents**

|                                   |                    | <b>2022/2023</b>  | <b>2021/2022</b> |
|-----------------------------------|--------------------|-------------------|------------------|
| <b>Financial Institution</b>      | <b>Account No:</b> | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Equity operations account         | 0090295185223      | 15,830,542        | 9,007            |
| Equity Revenue account            | 0090294392028      | 11,499,405        | 64,194           |
| Co-operative bank-Deposit account | 01136278498000     | 16,454,892        | 21,069           |
| Co-operative bank-Current account | 01192278498001     | 116,456           | 655              |
| Family Bank-CLSG                  | 005000069152       | -                 | -                |
| Family Bank-Collection account    | 032000010760       | 237,704           | 2,374            |
| Diamond trust bank                | 0872657001         | 100               |                  |
| M-pesa account                    | M-pesa account     | 32,929            | 37               |
| Cash at hand                      | Cash box           | 42,234            | 2                |
| <b>Grand total</b>                |                    | <b>44,214,262</b> | <b>97,337</b>    |

**33. Ordinary Share Capital**

|                                                | <b>2022/2023</b> | <b>2021/2022</b> |
|------------------------------------------------|------------------|------------------|
| <b>Description</b>                             | <b>Kshs</b>      | <b>Kshs"000"</b> |
| <b>Authorized:</b>                             |                  |                  |
| 5000 ordinary shares of Kshs 20 par value each | 100,000.00       | 100              |
| <b>Issued and fully paid:</b>                  |                  |                  |
| XXX ordinary shares of Kshs par value each     | 0                | 0                |

This is as per the memorandum and articles of association.

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**34. Revaluation Reserve**

The company did not undertake any revaluation within the year hence lack of revaluation reserve being recognized.

**35. Fair Value Adjustment Reserve**

The company did not undertake any revaluation within the year hence lack of fair value adjustment reserve being recognized.

**36. Retained Earnings**

The retained earnings represent amounts available for distribution to the Company's shareholders. THIWASCO do not distribute retained earnings hence are utilized to finance the company operation's activities.

|                    | <b>2022/2023</b>   | <b>2021/2022</b> |
|--------------------|--------------------|------------------|
| <b>Description</b> | <b>Kshs</b>        | <b>Kshs"000"</b> |
| Working capital    | 223,237,227        | 223,237          |
| General reserve    | 49,460,605         | 53,360           |
| Accumulated funds  | 178,077,715        | 133,619          |
| <b>Total</b>       | <b>450,775,547</b> | <b>410,216</b>   |

**37. Deferred Tax Liability**

The company did not provide for any future tax liabilities.



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**38. Borrowings**

|                                     | <b>2022/2023</b>  | <b>2021/2022</b> |
|-------------------------------------|-------------------|------------------|
|                                     | <b>Kshs</b>       | <b>Kshs"000"</b> |
| <b>b) Domestic Borrowing</b>        |                   |                  |
| Balance at beginning of the year    | 18,875,000        | 24,875           |
| Repayments during the period        | (6,000,000)       | (6,000)          |
| <b>Balance at the end of period</b> | <b>12,875,000</b> | <b>18,875</b>    |

The analyses of domestic borrowings are as below.

The company didn't have any external borrowing during the reporting period.

| <b>The analysis of Domestic borrowings</b>  | <b>2022/2023</b>  | <b>2021/2022</b> |
|---------------------------------------------|-------------------|------------------|
|                                             | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Kenya shilling loan from coop bank internal | 12,875,000        | 18,875           |
| <b>Total</b>                                | <b>12,875,000</b> | <b>18,875</b>    |

The company made borrowing from customer water deposits and established a payment plan through a standing order.

**39. Lease Liability**

|                                      | <b>2022/2023</b>  | <b>2021/2022</b> |
|--------------------------------------|-------------------|------------------|
|                                      | <b>Kshs</b>       | <b>Kshs"000"</b> |
| <b>At the start of the year</b>      | 23,671,843        | 23,532           |
| Addition during the year             | 10,583,379        | -                |
| Discount interest on lease liability | 3,117,513         | 2,366            |
| Paid during the year                 | (3,603,114)       | (2,227)          |
| <b>At the end of the year</b>        | <b>33,769,621</b> | <b>23,672</b>    |

The company entered into a new lease agreement within the year hence the increase in lease liability.

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|                          | <b>2022/2023</b>  | <b>2021/2022</b> |
|--------------------------|-------------------|------------------|
| <b>Maturity analysis</b> | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Year 1                   | 3,745,644         | 2,552            |
| Year 2                   | 4,433,089         | 2,807            |
| Year 3                   | 4,876,398         | 3,088            |
| Year 4                   | 5,364,038         | 3,396            |
| Year 5                   | 5,900,441         | 3,736            |
| On wards                 | 30793027          | 25,090           |
|                          | <b>55,112,637</b> | <b>40,670</b>    |
| Less: unearned interest  | (21,182,722)      | (17,137)         |
|                          | <b>33,929,915</b> | <b>23,532</b>    |
| Analysed as:             |                   |                  |
| <b>Non-Current</b>       | <b>30,184,271</b> | <b>20,981</b>    |
| <b>Current</b>           | <b>3,745,644</b>  | <b>2,552</b>     |

**40. Provisions**

| <b>Description</b>                      | <b>Provision for<br/>audit fee</b> | <b>Service pay</b> | <b>Total</b>      |
|-----------------------------------------|------------------------------------|--------------------|-------------------|
|                                         | <b>Kshs</b>                        | <b>Kshs</b>        | <b>Kshs</b>       |
| Balance at the beginning of the year    | 842,160                            | 62,133,286         | 62,975,446        |
| Additional Provisions                   | 421,080                            | -                  | 421,080           |
| Provision utilised                      | (421,080)                          | (5,970,721)        | (6,391,801)       |
| Less: Current portion                   | -                                  | -                  | -                 |
| <b>Balance at the end of the period</b> | <b>842,160</b>                     | <b>56,162,565</b>  | <b>57,004,725</b> |



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**Provisions details**

|                                  | <b>2022/2023</b>  | <b>2021/2022</b> |
|----------------------------------|-------------------|------------------|
| <b>Description</b>               | <b>Kshs</b>       | <b>Kshs"000"</b> |
| Current portion of provision     | 842,160           | 421              |
| Long -term portion of provisions | 56,162,565        | 62,555           |
| <b>Total</b>                     | <b>57,004,725</b> | <b>62,976</b>    |

**41. Retirement Benefit Obligations**

**Retirement benefit Asset/ Liability**

The Company operates a defined contribution scheme for all full-time employees since inception, 2009. The scheme is administered by RBA through a registered pension scheme (Lapfund & CPF) 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 and is currently at 15% (Basic and house allowance) per employee per month for (Lapfund & CPF) while for NSSF it is capped at Kshs 1,080 -UEL.

In addition, service pay is accrued/payable for 15days for every successful year worked as enshrined on the Human resource manual.

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 and is currently at Kshs. 720 and Kshs. 2,160 per employee per month respectively. Other than NSSF the entity also has a defined contribution scheme operated by Lapfund and CPF Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary plus house allowance. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

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42. Trade and Other Payables

| Description               | 2022/2023          | 2021/2022      |
|---------------------------|--------------------|----------------|
|                           | Kshs               | Kshs"000"      |
| Long outstanding Payables | 218,014,348        | 218,014        |
| <b>Total</b>              | <b>218,014,348</b> | <b>218,014</b> |

| Description                 | 2022/2023          | 2021/2022      |
|-----------------------------|--------------------|----------------|
|                             | Kshs               | Kshs"000"      |
| Trade payables              | 63,656,965         | 47,872         |
| Revenue received in advance | 18,669,918         | 14,826         |
| Employee payables           | 11,790,612         | 10,299         |
| Other payables              | 76,410,835         | 49,639         |
| <b>TOTAL</b>                | <b>170,528,330</b> | <b>122,636</b> |

Aging Analysis for Trade and other Payables

|                | 2022-2023          | % of the total | 2021-2022      | % of the total |
|----------------|--------------------|----------------|----------------|----------------|
|                | Kshs               | Kshs           | Kshs"000"      | Kshs"000"      |
| Under one year | 118,018,071        | 30%            | 75,135         | 22%            |
| 1-2 years      | 2,483,512          | 1%             | 287            | 0%             |
| 2-3 years      | 948,758            | 0%             | 960            | 0%             |
| Over 3 years   | 267,112,418        | 69%            | 264,268        | 78%            |
| <b>Total</b>   | <b>388,562,759</b> | <b>100%</b>    | <b>340,651</b> | <b>100%</b>    |



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**43. Refundable Deposits and Prepayments**

|                                         | <b>2022/2023</b>   | <b>2021/2022</b> |
|-----------------------------------------|--------------------|------------------|
| <b>Description</b>                      | <b>Kshs</b>        | <b>Kshs"000"</b> |
| Opening Balance                         | 100,705,220        | 83,197           |
| Add: deposits received during the year  | 10,268,451         | 11,945           |
| Less: Refunded deposits during the year | (749,700)          | (437)            |
| Customer deposit refund during the year | 6,000,000          | 6,000            |
| <b>closing balance</b>                  | <b>116,223,971</b> | <b>100,705</b>   |

**Aging Analysis for Refundable Deposits and Prepayments**

|                | <b>2022-2023</b>   | <b>% of the</b> | <b>2021-2022</b> | <b>% of the</b> |
|----------------|--------------------|-----------------|------------------|-----------------|
|                | <b>Kshs</b>        | <b>total</b>    | <b>Kshs"000"</b> | <b>total</b>    |
| Under one year | 15,519,971         | 13%             | 17,506           | 17%             |
| 1-2 years      | 28,566,000         | 25%             | 18,933           | 19%             |
| 2-3 years      | 27,114,000         | 23%             | 25,110           | 25%             |
| Over 3 years   | 45,024,000         | 39%             | 39,156           | 39%             |
| <b>Total</b>   | <b>116,223,971</b> | <b>100%</b>     | <b>100,705</b>   | <b>100%</b>     |

**44. Deferred Income**

The company did not have deferred income during the reporting period

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**45. Dividends Payable**

The Company did not declare dividend during the reporting period.

**46. Taxation**

|                                 | <b>2022/2023</b>  | <b>2021/2022</b> |
|---------------------------------|-------------------|------------------|
| <b>Description</b>              | <b>Kshs</b>       | <b>Kshs"000"</b> |
| At beginning of the year        | 78,499,565        | 75,303           |
| Income tax charge for the year  | 21,197,402        | 22,869           |
| Provisions adjustment           | 9,722,450         | -                |
| Income tax paid during the year | (88,222,238)      | (19,672)         |
| <b>At end of the year</b>       | <b>21,197,179</b> | <b>78,500</b>    |

**47. Notes to The Statement of Cash Flows**

|                                                                                                  | <b>2022/2023</b>  | <b>2021/2022</b> |
|--------------------------------------------------------------------------------------------------|-------------------|------------------|
| <b>(a)Reconciliation of operating profit/(loss) to cash generated from / (used in) operation</b> | <b>Kshs</b>       | <b>Kshs"000"</b> |
| <b>Operating profit/(loss)</b>                                                                   | <b>49,460,605</b> | <b>53,360</b>    |
| Depreciation                                                                                     | 30,632,525        | 22,807           |
| Amortization                                                                                     | 889,082           | -                |
| Prior year adjustment                                                                            | (8,901,323)       | 1,034            |
| Lease adjustment                                                                                 | (185,773)         | -                |
| <b>Operating profit/(loss) before working capital changes</b>                                    | <b>71,895,115</b> | <b>77,201</b>    |
| (Increase)/decrease in inventories                                                               | 3,383,686         | 3,739            |
| (Increase)/decrease in trade and other receivables                                               | (5,221,944)       | (12,726)         |
| Decrease in Vat receivable                                                                       | (11,452,035)      | -                |
| Increase/(decrease) in trade and other payables                                                  | 47,892,042        | 8,495            |
| Increase in customer deposits                                                                    | 15,518,751        | 17,506           |
| (Increase)/decrease in deposits and prepayments                                                  | (35,500,000)      | (34,500)         |
| Increase/(decrease) in provisions for payables                                                   | (5,970,721)       | (8,587)          |
| Income Tax payment                                                                               | (57,302,386)      | 3,197            |
| <b>Cash generated from/(used in) operations</b>                                                  | <b>23,242,509</b> | <b>54,325</b>    |



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| <b>b) Analysis of changes in loan</b>          | <b>Kshs</b>       | <b>Kshs"000"</b> |
|------------------------------------------------|-------------------|------------------|
| Balance at beginning of the year               | 18,875,000        | 24,875           |
| Repayments during the period                   | (6,000,000)       | (6,000)          |
| <b>Balance at the end of period</b>            | <b>12,875,000</b> | <b>18,875</b>    |
| <b>c) Analysis of cash and cash equivalent</b> |                   |                  |
| Cash at bank                                   | 44,139,099        | 97,298           |
| Cash at hand                                   | 42,234            | 2                |
| Mobile money account                           | 32,929            | 37               |
| <b>Total</b>                                   | <b>44,214,262</b> | <b>97,337</b>    |
| <b>d) Analysis of interest paid</b>            |                   |                  |
| Interest of lease liabilities                  | 3,117,513         | 2,366            |
| <b>e) Analysis of dividend paid</b>            |                   |                  |
|                                                | -                 | -                |

**Other Disclosures**

**48. Related Party Disclosures**

**County Government of Kiambu**

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

Other related parties include:

- The County Department in charge of Water
- Athi Water works Agencies
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors

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**Transactions with related parties**

|                                                        | <b>2022/2023</b>  | <b>2021/2022</b> |
|--------------------------------------------------------|-------------------|------------------|
|                                                        | <b>Kshs</b>       | <b>Kshs"000"</b> |
| <b>a) Sales to related parties</b>                     |                   |                  |
| Water sales to Govt. agencies                          | 15,695,803        | 18,549           |
| Interest income from Govt Commercial Banks             | -                 | -                |
| <b>Total</b>                                           | <b>15,695,803</b> | <b>18,549</b>    |
| <b>b) Purchases from related parties</b>               |                   |                  |
| Purchase of electricity from KPLC                      | 154,788,040       | 127,584          |
| <b>b) Grants from the Government</b>                   |                   |                  |
| Grants from WSTF                                       | -                 | 15,351           |
| Donations in kind-WSTF                                 | -                 | -                |
| Donations in kind-WASFIN                               | 7,669,496         | 5,180            |
| <b>Total</b>                                           | <b>7,669,496</b>  | <b>20,532</b>    |
| <b>c) Expenses incurred on behalf of related party</b> |                   |                  |
| Payments of salaries and wages for Seconded employees  | 614,862           | 586              |
| Payments for goods and services for xxx                | -                 | 0                |
| <b>Total</b>                                           | <b>614,862.00</b> | <b>586</b>       |
| <b>d) Key management compensation</b>                  |                   |                  |
| Directors' emoluments                                  | 12,476,675        | 15,010           |
| Compensation to key management                         | 63,370,792        | 62,720           |
| <b>Total</b>                                           | <b>75,847,467</b> | <b>77,730</b>    |

**49. Capital Commitments**

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



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**50. Contingent Assets and Liabilities**

**Contingent Assets**

|                                           | 2022/2023          | 2021/2022    |
|-------------------------------------------|--------------------|--------------|
| Contingent assets                         | Kshs               | Kshs"000"    |
| Insurance reimbursements                  | -                  | -            |
| Trade receivables                         | 115,720,690        | -            |
| Reimbursable indemnities Performance bond | -                  | 1,591        |
| <b>Total</b>                              | <b>115,720,690</b> | <b>1,591</b> |

Trade receivables represents what the company has assessed to be uncollectable. Plans are underway to engage the county treasury for write off.

| <b><u>Contingent Liabilities</u></b>                 |                   |               |
|------------------------------------------------------|-------------------|---------------|
|                                                      | 2022/2023         | 2021/2022     |
| Contingent liabilities                               | Kshs              | Kshs"000"     |
| Court case against the entity arising from KRA audit | 57,710,864        | 57,711        |
| Interests and penalties from KRA on annual returns   | 38,622,122        | 0             |
| <b>Total</b>                                         | <b>96,332,986</b> | <b>57,711</b> |

**Contingent Liabilities**

On interests and penalties, management applied for the amnesty call made by H.E. The president within the reporting period.

In the opinion of the management, no provision is required in these financial statements as the liabilities are not expected to crystallize.

**51. Financial Risk Management**

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

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**(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:

|                                        | <b>Total amount</b> | <b>Fully performing</b> | <b>Past due but not Impaired</b> | <b>Past due and Impaired</b> |
|----------------------------------------|---------------------|-------------------------|----------------------------------|------------------------------|
|                                        | <b>Kshs</b>         | <b>Kshs</b>             | <b>Kshs</b>                      | <b>Kshs</b>                  |
| <b>At 30 June 2023</b>                 |                     |                         |                                  |                              |
| Trade Receivables                      | 499,139,343         |                         |                                  |                              |
| Bank balances                          | 44,214,262          | 44,214,262              |                                  |                              |
| <b>Total</b>                           | <b>543,353,604</b>  |                         |                                  |                              |
| <b>At 30 June 2022 (previous Year)</b> |                     |                         |                                  |                              |
| Receivables                            | 493,917,399         |                         |                                  |                              |
| Bank balances                          | 97,337,481          | 97,337,481              |                                  |                              |
| <b>Total</b>                           | <b>591,254,880</b>  |                         |                                  |                              |



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***Credit Risk (Continued)***

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

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.

|                                        | <b>Less than 1 month</b> | <b>Between 1-3 months</b> | <b>Over 5 months</b> | <b>Total</b>       |
|----------------------------------------|--------------------------|---------------------------|----------------------|--------------------|
| <b>At 30 June 2023</b>                 | <b>Kshs</b>              | <b>Kshs</b>               | <b>Kshs</b>          | <b>Kshs</b>        |
| Trade payables                         | 13,216,493               | 14,621,676                | 42,287,322           | 70,125,491         |
| Current portion of borrowings          | -                        | 12,875,000                | -                    | 12,875,000         |
| Provisions                             | -                        | -                         | 57,004,725           | 57,004,725         |
| Water Creditors                        | -                        | 18,669,918                | -                    | 18,669,918         |
| Employee benefit obligation            | 11,790,612               | -                         | -                    | 11,790,612         |
| Owings to related parties -Non-current | -                        | -                         | 218,014,348          | 218,014,348        |
| <b>Total</b>                           | <b>25,007,105</b>        | <b>46,166,594</b>         | <b>317,306,395</b>   | <b>388,480,093</b> |
| <b>At 30 June 2022</b>                 |                          |                           |                      |                    |
| Trade payables                         | -                        | -                         | 107,951,000          | 107,951,000        |
| Current portion of borrowings          | -                        | 18,875,000                | -                    | 18,875,000         |
| Provisions                             | -                        | -                         | 62,975,446           | 62,975,446         |
| Water Creditors                        | -                        | 14,826,206                | -                    | 14,826,206         |
| Employee benefit obligation            | 10,299,133               | -                         | -                    | 10,299,133         |
| Owings to related parties -Non-current | -                        | -                         | 218,014,348          | 218,014,348        |
| <b>Total</b>                           | <b>10,299,133</b>        | <b>33,701,206</b>         | <b>388,940,794</b>   | <b>432,941,133</b> |

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**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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



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**(iii) Market risk (Continued)**

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:

The company did not deal in foreign denomination within the reporting period.

**b) Foreign currency sensitivity analysis**

The company did not conduct business in any foreign currency.

**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.

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**ii) Sensitivity analysis**

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

**iii) Fair value of financial assets and liabilities**

**a) *Financial instruments measured at fair value***

Determination of fair value and fair values hierarchy

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

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



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

| <b>At 30 June 2023 Current FY</b> | <b>Level 1<br/>Kshs</b> | <b>Level 2<br/>Kshs</b> | <b>Level 3<br/>Kshs</b> | <b>Total<br/>Kshs</b> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>Financial Assets</b>           |                         |                         |                         |                       |
| Quoted equity investments         |                         |                         |                         |                       |
| <b>Non- financial Assets</b>      |                         |                         |                         |                       |
| Investment property               |                         |                         |                         |                       |
| Land and buildings                | 28,596,000              |                         |                         | 28,596,000            |
|                                   |                         |                         |                         |                       |
| <b>At 30 June 2022</b>            |                         |                         |                         |                       |
| <b>Financial Assets</b>           |                         |                         |                         |                       |
| Quoted equity investments         |                         |                         |                         |                       |
| <b>Non- financial Assets</b>      |                         |                         |                         |                       |
| Investment property               |                         |                         |                         |                       |
| Land and buildings                | 28,596,000              |                         |                         | 28,596,000            |

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

***Financial instruments not measured at fair value***

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

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**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:

|                              | <b>2022/2023</b>   | <b>2021/2022</b>   |
|------------------------------|--------------------|--------------------|
|                              | <b>Kshs</b>        | <b>Kshs''000''</b> |
| Retained earnings            | 227,538,320        | 186,979            |
| Capital reserve              | 223,237,227        | 223,237            |
| <b>Total funds</b>           | <b>450,775,547</b> | <b>410,216</b>     |
| Less: cash and bank balances | 44,214,262         | 97,337             |
| <b>Retained earnings</b>     | <b>227,538,320</b> | <b>186,979</b>     |
| <b>Capital reserve</b>       | <b>223,237,227</b> | <b>223,237</b>     |

**52. Incorporation**

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

**53. Events After the Reporting Period**

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



## 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.                        | Issue/Observations from Auditor                                                                                                                                                                                                                                                                                                                                                 | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | status   | Time frame |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|
| Inaccuracies in financial statements | <p>The financial statements presented for audit as at 30 June, 2022 was qualified based on the below:</p> <p>i. The statement of cash flows reflects net cash from operating activities of Kshs.54,510,000. However, note 47 to the financial statements reflects cash generated from operations of Kshs.54,324,000, resulting to an unreconciled variance of Kshs.186,000.</p> | <p>i. The difference in cash generated from operations activities is as a result of the method of direct cashflow which uses actual cash inflows and outflows (receipts and payments) while indirect method of cashflows, cashflows are calculated by adjusting net income with differences from non-cash transactions (Changes in balance sheet accounts), The variance of Kshs 186,000 as a result of difference between closing and opening lease liability Kshs (23,346,536 -23,532,341=185,805). Under the direct method, the monthly payments within the period have been considered under the operation activities.</p> | Resolved | June 2023  |

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|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                 |  |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--|
|  | <p>ii. The statement of cash flows reflects general and operation expenses and purchase of property, plant and equipment amounts of Kshs.374,073,000 and Kshs.58,577,000, while the cash payment schedules provided for audit reflect corresponding amounts of Kshs.368,144,000 and Kshs.63,624,000 resulting in unreconciled variances of Kshs5,929,000 and Kshs 5,047,000 respectively.</p> <p>iii. The statement of financial position reflects property, plant and equipment balance of Kshs.322,638,000, while the supporting Note 20 to the financial statements shows a corresponding balance of Kshs.351,234,000 resulting in an unexplained variance of Kshs.28,596,000. Further, the Note 20 reflects balances totalling to</p> | <p>The supporting payment schedules for the general and operations expenses and purchase of property, plant and equipment are available for verification.</p> <p>The reported figure of Kshs 351,234,000 under note 20 of the financial position includes cost of land at Kshs 28,596,000 which is reported as a separate item in the statement of financial position.</p> <p>The reported variance of Kshs 25,179,770 was as a result of assets previously capitalized and depreciated while they were still under work in progress. Revision to have such under WIP was effected within the year 2020/21 and hence reported as such.</p> | <p>Resolved</p> <p>Resolved</p> |  |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--|



|  |     |                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                    |          |  |
|--|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--|
|  |     | Kshs.224,727,770 as at 1 July, 2020<br>for three (3) classes of property,<br>plant and equipment, which differ<br>with corresponding balances<br>amounting to Kshs.222,172,000 as at<br>30 June, 2020 reflected in the<br>audited financial statements for the<br>year ended 30 June, 2021, resulting<br>in unreconciled variances of<br>Kshs.25,179,770 |                                                                                                                                                                                                    |          |  |
|  | iv. | Note 30 to the financial statements<br>reflects tax recoverable balance of<br>Kshs.73,942,000 which differs with<br>the recomputed balance of<br>Kshs.78,500,000, resulting in an<br>unreconciled variance of<br>Kshs.4,558,000.                                                                                                                         | This was a summation error under note 30; the<br>correct position is Kshs 78,500                                                                                                                   | Resolved |  |
|  | v.  | Note 39 on lease liability reflects<br>balance at the start of the year of<br>Kshs.23,532,000 which is not<br>reflected in the previous year's<br>audited financial statements.                                                                                                                                                                          | The lease liability is disclosed as at the start of the<br>year 2021-2022 because the lease agreement<br>became operational/effective in July 2021 thus no<br>comparative for the previous period. | Resolved |  |

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|  |      |                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |          |  |
|--|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--|
|  | vi.  | The statement of cash flows reflects amounts which differ with corresponding amounts shown in the notes to the financial statements, resulting in unreconciled variances as analysed below:                                               | The cashflow statement was prepared using the direct method as provided for in the template. The statement of cash flows direct method uses actual cash inflows and outflows from the company's operations whilst the financial statements (notes) were prepared on accrual accounting whereby, revenue and expenses are recognized when earned/incurred not when paid, therefore resulting to variances between the statement of cashflow and financial statements. | Resolved |  |
|  | vii. | The statement of cash flows also reflects no amount in respect of taxation paid, while calculation shows that the Company paid tax of Kshs.19,672,000 during the year under review, resulting in unexplained variance of Kshs.19,672,000. | The taxation paid during the year of Kshs 19,672,000 was captured in the statement of cashflows under General and Operation payments pg 4. This is due to the fact that the template did not require taxation paid be disclosed separately.                                                                                                                                                                                                                          | Resolved |  |



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|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |          |  |  |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--|--|
| <b>Inaccurate Inventories Balance</b> | <p>The statement of financial position reflects inventories balance of Kshs.29,356,000 which, as disclosed in Note 28 to the financial statements, comprises water meters, pipes and fittings, and chemicals balances of Kshs.12,259,000, Kshs.15,609,000 and Kshs.1,488,000 respectively. However, the stock take report as at 30 June, 2022 revealed inventories in the three stores totalling to Kshs.30,609,646, resulting in an unexplained variance of Kshs. 1,253,646. In addition, review of the signed stock take report revealed that the Company held unvalued water meters which were donated several years back by Athi Water Service Board that had no documents to show their movement and cost.</p> <p>Further, physical count of stocks revealed 358 meters of various sizes which differed with the stock take report and financial statements submitted for audit as shown below:</p> | <p>The valued stock disclosed in the financial statements is as per the stock take report as at 30<sup>th</sup> June 2022.</p> <p>This however excluded the consumables such as stationery which were expensed at source. This has been the practice in the company in line with the scope of IAS 2 which states that “Inventories include assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in progress), and materials and supplies that are consumed in production (raw materials).</p> <p>The 301 meters are obsolete and have not been used since they were received about eight years ago from the defunct Athi Water Services Board. Over the years these items have been disclosed (Note 28) in our annual reports but do not have any effect on the financial statements. Due to lack of usage, their numbers were not accurately indicated in the stock sheet report, however the company has now made the necessary amendments to include the ¾inch and</p> | Resolved |  |  |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--|--|

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|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                                                              | Further, consumable stores such as stationery and cleaning materials were not included in the financial statements. In the circumstances, the accuracy and completeness of the inventory balance of Kshs.29,356,000 could not be confirmed.                                                                                                                                                                                                                                                                                                                                                                                   | 3inch meters, in the current financial statements for the period ended June 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                             |
| <b>Unexplained and Unsupported Long Term Accrued Expense</b> | <p>The statement of financial position reflects long term accrued expense balance of Kshs.218,014,000 which comprises long outstanding other payables to defunct Municipal Council of Thika and defunct Athi Water Services Board of Kshs.48,502,827 and Kshs. 169,511,521 respectively. However, the Company did not give reasons on why the payables remained outstanding over the years. Further, documents showing what the payables related to were not provided for audit. In the circumstances, the accuracy and completeness of the long term accrued expense balance of Kshs.218,014,000 could not be confirmed.</p> | <p>These monies emanated from refuse collection on behalf of the defunct Thika Municipal - formerly a function of the department from which it was established. The company has proposed to offset the outstanding debt against the water bill owed by the County Government of Kiambu.</p> <p>The Kshs 169,511,521 arose from fees that were payable to the defunct Athi Water Services Board (AWSB) by THIWASCO for use of the water production and distribution infrastructure. By then AWSB were the licensed operators under the Water Act 2002. The enactment of the Water Act 2016 provided for the transfer of the infrastructure to WSPs such as THIWASCO. THIWASCO on its part has historically undertaken continuous maintenance of these assets on the understanding that AWSB, the</p> | <p>WIP</p> <p>June 2024</p> |



|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |     |           |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------|
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | previous operator, would reimburse them for this expenditure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |     |           |
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Having developed the infrastructure on behalf of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |     |           |
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | AWSB, THIWASCO proposed through a letter to offset the administrative fees against development expenditure over the years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |     |           |
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | In response the AWWDA declined this proposal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |     |           |
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | The company intends to further engage AWWDA on this matter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |     |           |
| Inaccuracies in and Unsupported Trade and Other Payables Balance | The statement of financial position reflects trade and other payables balance of Kshs. 122,636,000 which includes long outstanding amount of Kshs.5,215,349 due to two (2) local suppliers, dating as far back as 2017. However, documents showing what the latter balance related to were not provided for audit. Also included in the trade and other payables balance of Kshs.122,636,000 is an amount of Kshs.3,106,770 owed to a local company, which related to an invoice for a contract entered between Thika Water and Sewerage Company Limited and the local company on | The amounts are Kshs.3,704,955 and Kshs.1,510,394 for APT Link Agencies and Njuca Consolidated Limited respectively. The company attempted reaching out to the Creditors by carrying out creditor's circularization with no response from Njuca Consolidated Ltd, whilst contacts for APT link Agencies were unavailable. Since they are long overdue, and the respective creditors have not followed up for over six years, we are considering for write-off. Reference to the proposed Thika Water Supply Augmentation Project Karimenu-Maryhill Water Works, Thika water was the implementing agency and not Athi Water Works Development Agency | WIP | June 2024 |

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|  | <p>9 April, 2021 for consulting services for the proposed Thika Water Supply Augmentation Project Karimenu-Maryhill Water Works at a contract sum of Kshs 26,782,500. The project was funded by the World Bank through Water Sector Trust Fund (WSTF) and was implemented by Athi Water Works Development Agency (AWWDA). However, Management recognized the amount as payable and recorded it as work in progress in the financial statements. This might have led to double payment since the Implementing Agency was paying the consultant directly, not through the Company. The amount was actually not a liability to be settled by the Company.</p> <p>In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs. 122,636,000 could not be confirmed.</p> | <p>(AWWDA) as per the subsidiary loan agreement with WSTF. The original understanding was the amount would to be channelled to Thiwasco's bank account for onward payment to the consultant. In addition, the invoice was issued to Thika water and sewerage Company Ltd. Since WSTF made payments directly to SMEC consultants. A journal entry has been passed for adjustment on the outstanding from our books. Hence the company has zero balance as at June 2023.</p> | Resolved |  |
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| Unexplained<br>Variance in and<br>Unsupported<br>Customer<br>Deposits Balance | The statement of financial position reflects customer deposits balance of Kshs. 100,705,000. However, review of the bank statement for deposit account revealed a balance of Kshs.21,106,168, resulting to a variance of Kshs.79,598,832 out of which, Kshs. 18,875,000 was a borrowing from customer deposits and Kshs. 40,000,000 was an investment in fixed deposit, leaving an unexplained variance of Kshs.20,723,832. In addition, approval of the borrowing from customer deposits and investment in fixed deposit accounts were not provided for audit. In the circumstances, the accuracy and completeness of customer deposits balance of Kshs 100,705,000 could not be confirmed. | The stated variance Kshs.20,723,832 is reconciled. At inception the company inherited a customer deposit (Ledger balance) of Kshs. 21,267,241 from the defunct Municipal Council of Thika, which was reflected in the first financial statements as at 30 <sup>th</sup> June 2010. Kshs 16,760,284 has since been remitted. The approval for use of customers' deposit was granted by the board as per the minute extract attached herein for procurement of land meant for argumentation project that was to be funded by the World bank. | Resolved |                |
| Excessive Non-Revenue Water                                                   | The statement of profit or loss and other comprehensive income reflects operating revenue amount of Kshs 877,000,000 which, as disclosed in Note 6 to the financial statements, includes water sales revenue of Kshs. 608,173,000. Review of revenue records revealed that the Company produced                                                                                                                                                                                                                                                                                                                                                                                              | To mitigate water losses, the company has implemented activities within its five-year strategic plan theme no 1, strategic issue number 7 on specifically addressing NRW. Further, the company has instituted an active NRW committee that has already developed a NRW                                                                                                                                                                                                                                                                     | WIP      | Continuo<br>us |

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|  | <p>a total of 14,022,595 cubic meters (M<sup>3</sup>) of water out of which 10,035,328 cubic meters (M<sup>3</sup>) was sold (billed) to customers. The difference of 3,987,267 cubic meters (M<sup>3</sup>) represents unaccounted for water being 28.4% of the total water produced, which is 3.4 percentage points above the allowable loss of 25% set by WASREB Guidelines. The unaccounted-for water may have resulted in loss of sales estimated at Kshs. 199,363,350. In addition, although Management had budgeted and replaced majority of the non-functional water meters to reduce commercial losses, the company had no organizational policies and strategies of managing non-revenue water to the acceptable levels. In the circumstances, the accuracy of water sales revenue of Kshs.608, 173,000 could not be confirmed.</p> | <p>policy that has been approved by the board for implementation.</p> <p>The Strategies we have undertaken include:</p> <ul style="list-style-type: none"> <li>(i) Asset Management: The Company has a Geographical information System (GIS) that is being used to manage and map assets, such as pipes and valves, to ensure that they are in good condition and operating efficiently through replacement and renewal. This helps to reduce water loss due to aging infrastructure and equipment failures.</li> <li>(ii) Customer Management: Educating customers about the importance of water conservation, detecting leaks on their property, and promptly reporting them to the Company can also help reduce non-revenue water. This is being implemented through the Corporate Affairs Department.</li> <li>(iii)The Company has a programme to replace non-functional and out-of-order consumer meters and replace them with Smart-ready ones. During the period 2020 to 2023, the company replaced 6936 meters at a cost</li> </ul> |  |  |
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|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>of KShs. 31.2m which had been budgeted for to reduce commercial losses.</p> <p>(iv) The company has commenced isolation of areas hydraulically through installation of DMAs. Currently, three DMAs have already been completed and strategies to reduce NRW within them have commenced.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |          |  |
| Non-Disclosure of Inventory of Water | <p>The statement of financial position reflects inventories balance of KShs. 29,356,000 (KShs. 33,095,000 as at 30 June, 2021) which, as disclosed in Note 28 to the financial statements, does not include opening and closing water stocks held in the reservoirs, water treatment plant and in the water systems. In addition, documentary evidence showing that Management measured the water volume in the water treatment plant, reservoirs and distribution systems was not provided for audit.</p> <p>In the circumstances, the accuracy and completeness of the inventory balance of KShs. 29,356,000 could not be confirmed.</p> | <p>Thika Water and Sewerage Company Ltd operates a water production system with a design capacity of 36,000m<sup>3</sup> per day against an estimated present demand of an estimated 65,000m<sup>3</sup> per day meaning that water is supplied intermittently to customers through a published water rationing programme. Intermittent water supply poses a technical challenge in determining the opening and closing water inventory as explained below:</p> <p>a) Water losses: Intermittent flow makes it difficult to accurately measure water losses due to physical or real water losses. These losses can significantly affect the water stock calculation and accuracy of data.</p> <p>b) An accurate opening and closing water inventory would require all water meters in</p> | Resolved |  |

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|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | the system, over 40,000 of them, be read at the same time to determine the balance of supply. It would also require complete shutting of the water supply for the stock taking. This is impractical and inconveniencing to customers from an operational point as the supply is continuous and system life. In addition, no water is available for storage in reservoirs as demand exceeds production |          |  |
| <b>Taxation</b> | The statement of profit or loss and other comprehensive income reflect an income tax expense of Kshs.22,869,000 which is 29% of the profit before taxation. The tax expense for the previous year was Kshs. 22,351,000 which was 30% of the profit before taxation for that year. However, the taxation expense does not take into account the disallowable expenses such as depreciation of Kshs 22,807,000 (2020-2021 –Kshs 20,419,000) provisions, wear and tear, investment deduction, donation and grants. In addition, the taxation liability appears to be also almost | The 22,869,000 was a provision for taxation at 30% and not 29% as stated above.<br><br>The 30% is a provision of corporate tax, however Upon filing of the annual returns with KRA, the tax adjustments are considered, disallowable, wear and tear as provided.<br><br>The company did establish a payment plan with KRA that commenced June 2022 and has fully executed.                            | Resolved |  |



|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |  |
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|                                             | static over the years and with no settlement and therefore attracting penalties and interest which are not captured.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |  |
|                                             | In the circumstances, the accuracy of the financial statements could not be confirmed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |  |
| <b>Over Expenditure on Budgeted Amounts</b> | The statement of comparison of budget and actual amounts reflects general and operation expenses actual on comparable basis amount of Kshs.402,806,000 which differs with the approved budget amount of Kshs.337,799,000, resulting in an over expenditure of Kshs.65,007,000 which Management attributed to reorganization in line with the new template and Russia-Ukraine war resulting to increased prices of goods and services. Similarly, the statement of comparison of budget and actual amounts reflects Board expenses actual on a comparable basis amount of Kshs. 14,009,000 while the approved budget reflects an amount of Kshs. 12,000,000 for the item, resulting in an over expenditure of Kshs.2,009,000 attributed to numerous | The over expenditure of Kshs 65,007,000 was as a result of provision for specific bad debts of Kshs 78,792,000 which is a non-cash movement. The expenditure without the provision was Kshs. 324,014,000 which represented a deviation from the budget by 3.8% which is within the 10% allowable in line with the reporting template provided by PSASB.<br><br>The BOD expenditure surpassed the budget by Kshs. 2m due to the fact that several activities had lagged behind as a result of the COVID 19 Pandemic where physical meetings could not be held. During the year under review there was need to expedite the pending matters in the recovery period when restrictions for meetings were lifted. These included the sensitization on the proposed tariff review, public participation -on the proposed tariff review, AGM and others including interviews | Resolved |  |

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|                                   | meetings held within the year as per approved schedule.                                                                                                                                                                                                                                                                                                                                                                                 | for managerial positions, disciplinary case appeal hearings.                                                                                                                                                                                                                                                        |          |  |
|                                   | This was contrary to Section 147(1)(a) of the Public Finance Management Act, 2012 on role of Accounting Officers in management of public finances, which states that subject to the Constitution, the Accounting Officer shall monitor, evaluate and oversee the management of their public finances, including promoting and enforcing transparency, effective management and accountability with regard to the use of their finances. |                                                                                                                                                                                                                                                                                                                     |          |  |
|                                   | In the circumstances, Management was in breach of the law.                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                     |          |  |
| Budgetary Control and Performance | The statement of comparison of budget and actual amount reflects final budget and actual on comparable basis of Kshs.707,348,000 and Kshs.728,278,000 respectively resulting to an over-collection of Kshs. 20,004,000 or 3% of the budget. Similarly, the Company spent Kshs.675,202,000 against an approved budget of Kshs.728,278,000 resulting to an                                                                                | Budget utilization defines the means by which all planned activities will be delivered and responsiveness in the activities creates the outcome for reporting by the end of the implementation period.<br><br>The budget is found to have been utilized within the allowable thresholds. i.e >90%<110%, PFM Act, an | Resolved |  |



|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |     |           |
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|                                                                       | under-expenditure of Kshs.53,076,000 or 7% of the budget.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | assurance that, there was No negative impact on service delivery to the stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |     |           |
|                                                                       | The underperformance affected the planned activities and may have impacted negatively on service delivery to the stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |     |           |
| <b>Supply and Installation of a Deficient Fleet Management System</b> | The statement of profit or loss and other comprehensive income reflects general and operation expenses of Kshs.402,806,000 which includes an expenditure of Kshs.2,704,350 in respect of a contract for supply and installation of a fleet management system. The system was meant to manage fuel consumption and real time motor vehicle tracking and monitoring. However, an audit inspection undertaken in the month of January, 2023 revealed that the system was not configured to monitor the usage of fuel and reporting on the fuel consumption and alerts on fuel theft. Further, the system was not configured to capture fuel issued to the vehicles and amount of fuel per day, week, | The company engaged Safetrac Ltd through a competitive tender in September 2021 whereby they were to offer full fleet management system services that included fuel consumption monitoring and tracking. Upon the 5 years' contract award and signing, the service provider came on board, did some assessment of all fleets and in November 2021, the installation work commenced. A dedicated team was trained by the service provider on the fleet management system components and usage when the installations were completed. The system has three components; <ul style="list-style-type: none"> <li>1. Drivers' management reports</li> <li>2. Fleet tracking reports</li> <li>3. Fuel usage reports</li> </ul> | WIP | June 2024 |

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|  | <p>month and per year, and It could not generate fuel analysis reports.</p> <p>In the circumstances, the value for money of the expenditure of Kshs.2,704,350 on supply and installation of a fleet management system could not be confirmed</p> | <p>Out of the 3 components, the system meets the Drivers' management reports and tracking reports which are shared daily and monthly basis.</p> <p>As such we have been able to control the fleet usage and routes travelled whenever the drivers/riders are using them, the mileage taken by each fleet is shown and we are able to confirm the fuel usage manually by extracting the mileage travelled reports in the system and comparing them with the work ticket mileage for each fleet when accounting for the fuel consumption per month.</p> <p>An implementation committee has had two meetings with the service providers in regards to the incomplete fuel consumption reports that are shared daily by the service provider as attached herein and recommendation for replacement of the gadgets in use was made, when it was reported that the current gadgets are not compatible with the vehicles' computers (CAN bus).</p> <p>The service provider has already procured new gadgets, replacements are ongoing whereby they are set to complete the installations by end of August</p> |  |  |
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|                                                     |                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             |                                                |
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|                                                     |                                                                                                                                                                                                                | 2023, commission it and train users on the usage of the same.                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             |                                                |
|                                                     |                                                                                                                                                                                                                | The system has capability to generate drivers' management report showing how a driver is using operating a vehicle while on the road and the alerts for any over speeding or hush breaking. The system is also generating the travel reports per fleet and whenever a fleet goes out of the ring-fenced area, an alert is shared immediately. The system provides alerts for any fleet that has overstayed for more than 48 hours without being used with exact locations of the fleet per a given time. |                                             |                                                |
|                                                     |                                                                                                                                                                                                                | The Management put to hold renewal of the annual fleet management license subscription payment for year 2023 until the system has been reviewed and evaluated to be fully operational and failure to comply or provide a solution will lead to the contract termination.                                                                                                                                                                                                                                 |                                             |                                                |
| <b>Long Outstanding Trade and Other Receivables</b> | The statement of financial position reflects trade and other receivables balance of Kshs.493,917,000 which, as disclosed in Note 29 to the financial statements, includes Kshs. 1,735,000, Kshs.10,847,000 and | (i) The company has been able to recover Kshs. 7,392 from one of the staff debtors who is still in employment.<br><br>Recovery of the Kshs. 1,727,530 is not feasible as the staff members involved have                                                                                                                                                                                                                                                                                                 | Resolved<br><br><br><br><br><br><br><br>WIP | <br><br><br><br><br><br><br><br>Continuo<br>us |

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|                                    | <p>Kshs.14,342,000 in respect of staff debtors, billing services for Water Service Providers (WSPs) and VAT recoverable respectively, which had been due for more than five (5) years with no movement over the years.</p> <p>In the circumstances, the recoverability of the staff debtors, billing services for WSPs and VAT recoverable balances totalling to Kshs. 26,924,000 could not be confirmed.</p> | <p>since been terminated from employment. Management and the Board of directors have initiated the process of debt write off in line with the PFM Act 2012.</p> <p>(ii) The company wrote to the 12 water service providers demand letters through the company legal counsel. As a result, one of the WSPs cleared their debt, while another one requested for a payment plan which was signed and is ongoing. We sent second reminders to the WSPs and we are in the process of taking legal action as necessary.</p> <p>(iii)On VAT claims, this was practiced prior to the Tax law amendment Act 2018 that exempted supply of natural water. The company engaged a tax consultant to pursue the refund from KRA on their behalf and the work is in progress.</p> | WIP      | Continuous |
| <b>Non-Compliance with Minimum</b> | <p>The statement of profit or loss and other comprehensive income reflects an amount of Kshs. 306,270,000 in respect to staff costs.</p> <p>Review of employee records for the</p>                                                                                                                                                                                                                            | <p>For clarification purposes the company has a staff population of 281 and not 50 as stated in the audit query.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Resolved |            |



|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |          |  |
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| <b>Requirement on Ethnic Diversity</b>      | <p>Company revealed that the dominant ethnic community employed by the Company constituted 90% of the total population of fifty (50) staff. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community or gender and the Articles of Association which requires that at least one third of the Board Members should be from either gender.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>From the analysis of staff distribution per counties, the staff represents the face of Kenya as 62% of the counties are represented, however the bulk of the employees were transferred from defunct Municipal Council of Thika in the year 2009, who later formed Thika Water and Sewerage company Limited. The management then did not have any control of the transfers of staff and the changes made. Progressively the company has been engaging other communities in the workforce on need basis.</p> |          |  |
| <b>Excessive Expenditure on Staff Costs</b> | <p>The statement of profit or loss and other comprehensive income reflects staff costs amounting to Kshs. 306,270,000 which translates to 37% of total operational costs of Kshs.824,190,000. This is higher by 7 percentage points of the recommended ratio of 30% in accordance with the Water Services Regulatory Board (WASREB) guidelines.</p>                                                                                                                                                                                                                        | <p>The company has gradually improved on the particular KPI as exhibited from the approved current tariff where the regulator's required target for the year under audit is 46% which is expected to progressively reduce up to 42% as at the last year of the approved tariff. The company's actual performance of 37% staff costs thus exceeds the set tariff target by 9%.</p>                                                                                                                              | Resolved |  |

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|                                                                          | In the circumstances, Management was in breach of the WASREB guidelines.                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |          |
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| <b>Property, Plant and Equipment</b>                                     | The property, plant and equipment balance of Kshs.351,234,000 includes motor vehicles/bikes balance of Kshs.28,279,000.                                                                                                                                                                                                                                                | Motorcycle registration numbers: KCK 364U, KCK 365U, KCK 366U and KCK 367U logbooks were processed with an error by NTSA during the registration. When the new motorcycles were being registered, KRA recorded them as duty free in their system whereas the duty had been paid in full by Toyota Kenya Limited. NTSA used the same information from KRA and registered them as duty free. Toyota Kenya followed up the matter with both NTSA and KRA for the error to be amended so that the logbooks can be processed as evidenced by the attached Letter from Toyota Kenya. | Resolved |
| <b>Motor Cycles Without Ownership Documents</b>                          | Review of the fixed asset register revealed that in June, 2019, the Company purchased seven (7) Yamaha Motorcycle YBR125G Model at a cost of Kshs.2,031,799. However, four (4) out of the seven motorcycles did not have log books or any ownership documents. In the circumstances, the ownership of the motorcycles valued at Kshs.2,031,799 could not be confirmed. | The above logbooks are now available as per the attached copies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |          |
| <b>Delay in Completion of Kangoki Trunk Sewer Rehabilitation Project</b> | The property, plant and equipment balance of Kshs.351,234,000 includes an amount of Kshs.60,691,000 in respect of work in progress which further includes Kshs.23,753,950 relating to rehabilitation of Kangoki Trunk Sewer Project. The Company entered into a contract agreement with a local                                                                        | (i) As at the time of physical verification, the project was substantially complete and in operation with two manholes pending raising and completion. The Management had granted an extension of time to the Contractor up-to end January 2023 to enable                                                                                                                                                                                                                                                                                                                      | Resolved |



|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |          |  |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--|
|                                          | construction company for the Project at a contract price of Kshs.27,587,849 for a duration of six (6) months on 1 April,2019.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | him complete raising and sealing manholes as per the attached                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |  |
|                                          | The contract was terminated and the Company through request for quotation entered into a contract with another local company being the lowest evaluated bidder to finalize the Project at a cost of Kshs.4,918,620. The Project duration was 6 months, commencing on 25 March, 2022 with completion date of 7 August, 2022. However, as at the time of audit verification, the Project was incomplete. Further, one sewer manhole was not covered and a drainage channel running parallel to the sewer line used for draining the damaged sewer to the treatment plant before rehabilitation of the sewer line was left uncovered. | The project is now completed as at the time of the Management responses. For the two sewer manholes noted not to have been covered, the covers of these manholes were vandalized after installation by the contractor. This is as a result of the high levels of insecurity, the area being a dumpsite. The contractor had however replaced these manhole covers by 27/02/2023. The new manhole covers were cast in-situ with their weight being a deterrent to theft. A drainage channel running parallel with the sewer line used for draining the sewer to the treatment plant during rehabilitation of the sewer line was left uncovered. The diversion channel was left open to serve as storm water drainage upon request by the County Government of Kiambu. |          |  |
| <b>Delay in Construction of Registry</b> | Included in the work in progress balance of Kshs.60,691 ,000 is Kshs.2,059,945 in respect of construction of a registry container store which commenced in the 2018/2019                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The Registry Container plinth has been done in-house with material requisitioned and purchased as designed. The Bill of Quantities are herein provided.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Resolved |  |

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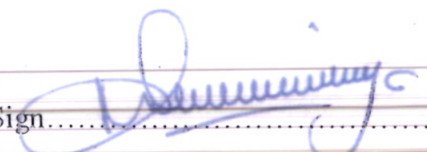
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |  |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--|
| <b>Container Plinth</b>                                          | <p>financial year. The latter amount comprises a balance brought forward of Kshs. 1,660,855 and Kshs.399,090 spent during the year under review on construction finishing materials for the store. However, an audit inspection revealed that the Project was incomplete. In addition, the Bill of Quantities and status report for the Project were not provided for audit.</p> <p>In the circumstances, the value for money of the expenditure of Kshs.2,059,945 on the project could not be confirmed</p> | <p>The Works for the Container are complete and the internal memo dated 21/04/2023, handing over the offices to the Administration Manager, has been provided.</p> <p>There was no specific contractor for the project as it has been done as in-house works using the Assets Development Section in the Technical Department which has the capacity and mandate to implement the same. The delay in the completion of the Works has been due to purchase and supply processes for various materials and fittings including skilled and unskilled labour for the same.</p> <p>•The Container has been substantially completed and is in use.</p> |                 |  |
| <b>Failure to Maintain a Comprehensive Fixed Assets Register</b> | <p>The fixed assets register provided in support of the property, plant and equipment balance of Kshs.351,234,000 was incomplete.</p> <p>Further, although the majority of the assets were tagged and had barcodes, the asset register had no tag/barcode number column making the identification process difficult. In addition, all the new assets purchased during the year were not tagged and the general and</p>                                                                                       | <p>The company maintains the asset register in an excel form in the below columns; as per the attached.</p> <p>i. Description of the asset including model and serial number<br/> ii. Date of the purchase and cost<br/> iii. Reference in terms of invoice No. and payment Voucher No.<br/> iv. Depreciation rate</p>                                                                                                                                                                                                                                                                                                                           | <p>Resolved</p> |  |



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|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
|  | <p>specific location column in the assets register for most assets was blank, hence the number of boreholes, location and cost per borehole could not be confirmed. This was contrary to Section 149(2) (o) of the Public Finance Management Act, 2012, which provides that an accounting officer should ensure that the respective County Government entity has adequate systems and processes in place to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is current, accurate and available to the relevant County Treasury or the Auditor-General.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>v. General and specific location</p> <p>Column for the barcode/tag number shall be added to the asset register and be populated once asset tagging is done. This asset tagging shall be carried out by a committee that has been appointed for that purpose.</p> <p>The company is in the process of developing an asset management policy which requires that assets shall be tagged during the financial year in which they have been acquired.</p> |  |  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|

**Dr. Moses Kinya**  
**Managing Director**

Sign.....

Date.....15/02/2024

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

The company did not have projects implemented funded by development partners,

**Status of Projects completion**

| Project                                                                                                                                                                                 | Total project Cost | Total expended to date | Completion % to date | Budget        | Actual        | Sources of funds |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------|----------------------|---------------|---------------|------------------|
| 1<br>THIWASCO/065/2021-2022 Upgrade of Thika Water Treatment Plant Rehabilitation Project Phase I Works. Raw water inlet works, Rapid Mixing Chamber and Replacement of Raw Water Pumps | 33,483,230.00      | 13,561,440.26          | 80%                  | 33,000,000.00 | 12,205,290.00 | THIWASCO         |
| 2<br>Supply and Installation of Dmas Meters at Gatunyaga And Witethie Zones. Tender No. THIWASCO/060/2021-2022                                                                          | 3,400,500.00       | 3,400,499.68           | 100%                 | 7,000,000.00  | 3,400,499.68  | THIWASCO         |
| 3<br>Rehabilitation of Kenya Tanning Biafra Sewer Line Contract No. THIWASCO/064/2021-2022                                                                                              | 7,964,440.00       | 6,530,650.00           | 100%                 | 8,000,000.00  | 6,530,650.00  | THIWASCO         |
| 4<br>Construction of Witethie Sewer Laterals Contract No. THIWASCO/063/2021-2022                                                                                                        | 9,288,510.00       | 8,831,670.00           | 100%                 | 9,300,000.00  | 8,831,670.00  | THIWASCO         |
| 5<br>Construction of Kiganjo Sewer Laterals. Contract No: THIWASCO/CNTRCT/013/2021-2022                                                                                                 | 10,000,000.00      | 8,991,209.18           | 100%                 | 10,500,000.00 | 8,991,209.18  | THIWASCO         |
| 6<br>Improvement of Water Supply Landless, Salama & Gatunyaga Bidco-Engen Pipeline Upgrade. Contract No: THIWASCO/CNTRCT/017/2021-2022                                                  | 12,066,450.00      | 12,043,643.75          | 100%                 | 12,500,000.00 | 12,043,643.75 | THIWASCO         |
| 7<br>Completion of works for Kang'oki Trunk Sewer Rehabilitation project. Contract No: THIWASCO/CNTRCT/023/2021-2022                                                                    | 4,918,620.00       | 4,765,400.00           | 100%                 | 6,000,000.00  | 4,765,400.00  | THIWASCO         |
| 8<br>Fencing and Construction of Guard Houses at New Treatment Karimenu. Contract No. THIWASCO/CNTRCT/005/2022-2023                                                                     | 2,833,880.00       | 1,790,518.00           | 100%                 | 2,833,880.00  | 1,790,518.00  | THIWASCO         |



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|    |                                                                                                                              |               |               |      |               |               |          |
|----|------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|------|---------------|---------------|----------|
| 9  | Fencing of The Riparian Land Upstream of Chania River Near Blue-Post Hotel Bridge Contract No: THIWASCO/CNTRCT/010/2022-2023 | 1,293,000.00  | 1,172,500.00  | 100% | 1,293,000.00  | 1,172,500.00  | THIWASCO |
| 10 | Construction of Staff Canteen THIWASCO/CNTRCT/031/2022-2023                                                                  | 2,384,489.00  | 2,246,420.00  | 100% | 2,400,000.00  | 2,246,420.00  | THIWASCO |
| 11 | Desludging and Rehabilitation of Sewer Ponds THIWASCO/CNTRCT/032/2021-2022                                                   | 41,876,000.00 | 5,568,174.00  | 25%  | 8,600,000.00  | 5,568,174.00  | THIWASCO |
| 12 | Construction of Office Block                                                                                                 | 51,165,322.00 | 11,277,118.16 | 40%  | 25,000,000.00 | 10,948,948.96 | THIWASCO |
| 13 | Construction of additional Laterals in NAMSIP areas in Witeithie- Phase II. Contract No. THIWASCO/CNTRCT/055/2022-2023       | 10,419,090.00 | 2,905,562.00  | 10%  | 6,500,000.00  | 2,760,283.90  | THIWASCO |
| 14 | Rehabilitation of Kenya Tanning Biafra Mainline. Contract No. THIWASCO/CNTRCT/054/2022-2023                                  | 8,441,950.00  | -             | 25%  | 5,890,000.00  |               | THIWASCO |
| 15 | Construction of additional Laterals in NAMSIP areas in Kiganjo – Phase II. Contract No. THIWASCO/CNTRCT/057/2022-2023        | 9,530,125.00  | 2,742,550.00  | 52%  | 6,500,000.00  | 2,605,422.00  | THIWASCO |
| 16 | Construction of Kianjau Castle Area Sewer line. Contract No. THIWASCO/CNTRCT/056/2022-2023                                   | 8,471,430.00  | -             | 51%  | 5,471,000.00  |               | THIWASCO |

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**Appendix IV: Reporting of Climate Relevant Expenditures**

| Project Name                                      | Project Description        | Project Objectives                                                | Project Activities                      |    |    |    |    | Source Of Funds   | Implementing Partners      |
|---------------------------------------------------|----------------------------|-------------------------------------------------------------------|-----------------------------------------|----|----|----|----|-------------------|----------------------------|
|                                                   |                            |                                                                   |                                         | Q1 | Q2 | Q3 | Q4 |                   |                            |
| Fencing of the riparian land near Blue post hotel | To conserve the river bank | To ensure water available for treatment is safe from perpetrators | Fencing and planting of trees. Branding |    | √  |    |    | Internally funded | Thika water in partnership |
| Tree planting                                     | Climate leverage           | Environmental conservation                                        | Growing of trees at Kangoki             |    |    | √  |    | Internally funded | Thika water in partnership |
| Tree planting                                     | Climate leverage           | Environmental conservation                                        | Growing of trees Chania ward, KDF       |    | √  |    |    |                   |                            |



**Appendix VI: Recording of Transfers from Other Government Entities**

| Name of the<br>County/MDA/<br>Donor<br>Transferring<br>the funds | Date<br>received as<br>per stores<br>Inspection<br>Report | Nature: Recurrent/<br>Development/Other<br>s | Total<br>Amount –<br>Kshs”000” | Where Recorded/recognized                |                     |                        |                 |                                 | Total<br>Transfers<br>during<br>the Year |
|------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------|---------------------|------------------------|-----------------|---------------------------------|------------------------------------------|
|                                                                  |                                                           |                                              |                                | Statement of<br>Comprehensi<br>ve income | Capit<br>al<br>Fund | Deferre<br>d<br>Income | Receivabl<br>es | Others -<br>must be<br>specific |                                          |
| USAID                                                            | 05/06/2023                                                | Donation in kind                             | 7,669,496                      | 7,669,496                                | -                   | -                      | -               | -                               | 7,669,496                                |
|                                                                  |                                                           |                                              |                                |                                          |                     |                        |                 |                                 |                                          |
| <b>Total</b>                                                     |                                                           |                                              | <b>7,669,496</b>               | <b>7,669,496</b>                         | <b>-</b>            | <b>-</b>               | <b>-</b>        | <b>-</b>                        | <b>7,669,496</b>                         |