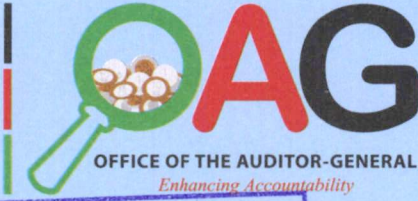


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# REPORT

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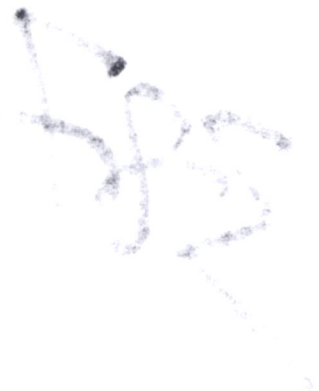
## THE AUDITOR-GENERAL

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	COMMITTEE	
	CLERK AT THE TABLE	Mary

## THIKA WATER AND SEWERAGE COMPANY LIMITED

FOR THE YEAR ENDED  
30 JUNE, 2025

387





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**THIKA WATER AND SEWERAGE COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

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

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## **1. Acronyms and Glossary of Terms**

### **A. Acronyms**

AWWDA	Athi Water Works Development Agency
CGK	County Government of Kiambu
CPC	Corruption Prevention Committee
CSI	Corporate Social Investment
DANIDA	Danish International Development Agency
DSIF	DANIDA Sustainable Infrastructure Finance
EACC	Ethics and Anti-corruption Commission
FDA	Fixed Deposit Account
IAO	integrity assurance officers
ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
KEBs	Kenya Bureau of Standards
MD	Managing Director
NRW	Non-Revenue Water
OSHA	Occupational Safety & Health Act
PFMA	Public Financial Management Act
PPE	Personal Protective Equipment
PPIP	Public Procurement Information Portal
PPRA	Public procurement Regulatory authority
PSASB	Public Sector Accounting Standards Board
RFP	Request for Proposals
RFQ	Request for Quotations
THIWASCO	Thika Water and Sewerage Company
W.I. P	Work in Progress
WASREB	Water Services Regulatory Board
WRA	Water Resources Authority
WSTF	Water Sector Trust Fund
Y.O. B	Year of birth

### **B. Definition of Key Terms**

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

**Comparative Year**- Means the prior period.

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

**2. Key Entity Information**

**Background information**

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**

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

**MISSION STATEMENT**

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

**Directors**

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

No	Director	Role	Date of appointment
1	Bishop Dr. Kennedy M. Mbatia	Board chairperson	Appointed in 2024
2	Rt. Rev. Bishop Amos M. Waithaka	Member	Appointed in 2024
3	Shem Wambua Kivyatu	Member	Appointed in 2024
4	Edmund Njihia Njoroge	Member	Appointed in 2025
5	William Kimani	Member	Appointed in 2020—Alternate Ann Nduta Kahiu
6	Maina Ruo	Chairman	Appointed in 2020, Reappointed in 2024, Left in July 2025
7	Dr. (hc) Moses K. Kinya	Managing Director	Appointed in 2015

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

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**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

**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,  
 +254 111 015 200,0800 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**

<p><b>Equity Bank</b>                      Thika Supreme Branch                      P.O. Box 253 - 01000                      Thika, Kenya</p>	<p><b>Cooperative Bank of Kenya</b>                      Thika Branch                      P.O. Box 1815- 01000                      Thika, Kenya</p>	<p><b>Family Bank</b>                      Thika Branch                      P.O. Box 74145-                      00200                      Nairobi, Kenya</p>
<p><b>Diamond Trust Bank Kenya Limited,</b>                      DTB Branch Building, DTB Centre -2nd                      Floor P.O. Box 61711-00200                      Nairobi, Kenya</p>	<p><b>Sidian Bank</b>                      Thika Branch                      P.O. Box 25363- 00603                      Nairobi, Kenya</p>	

**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

### 3. The Board of Directors

1) **Bishop Kennedy Mwangi Mbatia - Independent Director (Chairman to the Board)**



**Y.O.B 1961**

**Key Qualifications:** Bachelor's degree on Veterinary Medicine and Surgery  
**Key Work experience:** Senior Pastor and Founder, Deliverance Church International Thika; Director and Founder, Global Outreach Missions (GOM); Director and Founder, Generations Academy; Veterinary Doctor; Director and Founder, Thika Veterinary Services; Divisional Veterinary Officer, Former Kericho District and the new Bomet District

2) **Shem Wambua Kivyatu - Independent Director (Finance & Administration Committee Chairperson)**



**Y.O.B 1959**

**Key Qualifications:** MBA (Marketing Option), Bachelor of Science Business Administration, Bachelor of Commerce (Accounting Option)  
**Key Work experience:** Business Development & Management Consultant, Kenya Association of Manufactures; Retail Marketing Manager, Petro Uganda Limited; Country Manager, Sameer Africa Uganda; Exports & Business Development Manager, Sameer Africa; Marketing & Sales Manager, Bata Shoe-Co. Uganda Limited; Sales Manager Wholesale & Export, Bata Kenya; Retail Sales Manager, Bata Kenya

3) **Edmund Njihia - Independent Director (Chief Officer- WENRECC - CGK)**



**Y.O.B 1976**

**Key Qualifications:** Master of Science in Occupational Safety and Health, Institute of Energy & Technology, JKUAT, Bachelor of Environmental Studies (Science)

**Work Experience:** - **Chief Officer** -County Government of Kiambu  
Chief Officer Roads Kiambu County, Chief Officer Department of Lands, Housing, Physical Planning, Municipal Administration and Urban Development

4) **Ann Nduta Kahi - Independent Director (Director, budget -CGK)**



**Y.O.B 1982**

**Key Qualifications:** Master of Business Administration (Finance) Bachelor of Business Administration (Finance and Accounts), Certified Public Accountant (CPA K), Certified Public Secretary (CPS II)

**Work Experience:** Director, Budget -County Government of Kiambu, Deputy Director, Budget -County Government of Kiambu, Assistant Director, Budget -County Government of Kiambu, Interim Head of County Treasury Budget Expenditure Management -Secondment by Transition Authority to Kiambu County; Accountant, Municipal Council of Ruiru; Accountant, Town Council of Karuri.

5) Rt. Rev Bishop Amos M. Waithaka - Independent Director (Audit Committee Chairperson)



**Y.O.B 1968**

**Key Qualifications:** Master's degree in theology, Bachelor's degree in theology, associate degree in bible Theology, Diploma in Bible and Theology

**Key Work experience:** Bishop, A.I.P.C.A Church Gatundu Diocese; Tutor and Public Relations, A.I.P.C.A Theological College; Ordained and Licensed Minister, Republic of Kenya African Christian Marriage and Divorce; Archdeacon, A.I.P.C.A; Assistant National Treasurer, A.I.P.C.A; Ordained Minister, A.I.P.C.A; Branch Secretary, A.I.P.C.A

6) Maina Ruo - Independent Director (Board Chair up to July 2025)



**Y.O.B 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)

7) Dr. (hc) Moses K. Kinya (Managing Director)



**Y.O.B 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. Emeritus - Chairman, Water Service Providers Association (WASPA)

8) Judith Akuku Opili (Company Secretary)



**Y.O.B 1980**

**Key Qualifications:** CPS (K), Advocate of the high court of Kenya, Master of Law – (LLM\_UON), Bachelor of laws Degree (LLB\_Makerere), Member of ICS, MBR/No. RCPSB/ 3824

**Work experience:** Nyongesa Nafula & Co. Advocates – Associate Advocate, Lead Consultant, Corporate

**4. Key Management Team**

1. Dr.(hc) Moses K. Kinya- **Managing Director**



**Appointment Date:**2015  
**Years of experience:**>25years  
**Key Qualifications:** MSc Public Health Engineering, BSc Civil Engineering  
Pursuing Master of Business Administration (MBA)

2. Eng. Kennedy Kiemo- **Chief Manager-Technical Services**



**Appointment Date:**2017  
**Years of experience:**>15years  
**Key Qualifications:** BSc. Civil Engineering

3. Jeremiah Mathenge Beru - **Chief Manager-Commercial Services**



**Appointment Date:**2019  
**Years of experience:**>10 years  
**Key Qualifications:** CPA -part 2, BCom.

4. CPA-Rosemary Wamaitha- **Chief Manager- Finance**



**Appointment Date:**2017  
**Years of experience:**>15 years  
**Key Qualifications:** CPA(K), BCom.

5. CPA-Lydia Nyamweru Njeri- **Ag. Chief Manager-Internal Audit**



**Appointment Date:** February 2025  
**Years of experience:**> 15 years  
**Key Qualification:** B.A Economics, CPA(K), CIAQA

6. Elaine Wanjiku Ngugi- **Legal & Corporate Affairs Manager**



**Appointment Date:**2017  
**Years of experience:**>15years  
**Key Qualifications:** Diploma in Law, BCom HR, MSc HR

7. **CHRP-Irene Nyambura Ndirangu- Human Resource & Administration Manager**



**Appointment Date:**2017  
**Years of experience:** >15 years  
**Key Qualifications:** BCom-HR, MBA-HR, CHRP (K)

8. **Nicellah Wairimu- Procurement Manager**



**Appointment Date:**2017  
**Years of experience:**>15 years  
**Key Qualifications:** MSc-Procurement & Logistics Management, BSc-Procurement and Contract Management and Diploma in Supplies Mgt.

9. **Walter Ng'eno- ICT Manager**



**Appointment Date:**2023  
**Years of experience:**>10 years  
**Key Qualifications:** Bsc-Information Technology, Information Technology-Diploma

10. **Jackline Kambua Kyalo- Manager, Risk & Compliance**



**Appointment Date:**2024  
**Years of experience:**>15 years  
**Key Qualifications:** MBA (strategic management), BCOM (Finance), CIAQA

11. **Judith Akuku Opili - Company Secretary**



**Key Qualifications:** CPS (K), Advocate of the high court of Kenya  
Master of Law – (LLM\_UON), Bachelor of laws Degree (LLB\_Makerere)  
Member of ICS, MBR/No. RCPSB/ 3824  
**Work experience:** Nyongesa Nafula & Co. Advocates – Associate Advocate, Lead Consultant, Corporate

## **5. Chairman's Statement**

On behalf of the Board of Directors, I am honoured to present the financial statements for the year ended June 30th, 2025. In a dynamic and evolving environment, THIWASCO remained steadfast in its mission to deliver reliable water and sewerage services to our growing customer base. Our focus on operational excellence, infrastructure investment, and customer satisfaction has positioned the company for sustainable growth. The 2024–2025 financial year was especially significant, as it marked the formal rollout of our Five-Year Strategic Plan (2024–2029) and the Three-Year Business Plan (2024–2026).

### **Financial and Operational Performance**

Despite the economic challenges and global disruptions, the company demonstrated resilience. Total revenue for the year increased by 14.90%, driven by customer growth, reduced Non-Revenue Water (NRW), and enhanced billing systems. Operating expenses totalled to Ksh 1,156,938,863 reflecting prudent financial planning and our ongoing commitment to infrastructure maintenance and service improvement.

### **Strategic Investments**

We continued to invest in projects that improve service coverage and system efficiency. Major undertakings included expansion of the water distribution network, expansion of the sewer network through construction of laterals, installation of District Metered Areas (DMAs), and pump upgrades at Thika Water Treatment Plant. These efforts align with our goal of building a robust, responsive utility.

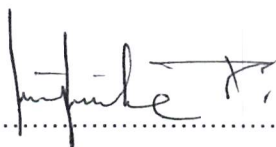
### **Key Challenges**

As Thika evolves into an industrial smart city, the pace of growth has outstripped infrastructure development. Our major challenges include a daily water supply deficit of approximately 18,000m<sup>3</sup> (demand: 60,000m<sup>3</sup>/day vs production: 42,000m<sup>3</sup>/day), infrastructure and limited capacity for rapid expansion, high energy costs, consuming ~15% of annual revenue, climatic impacts, such as reduced water levels, vandalism, illegal connections, and damage from external infrastructure works.

### **Sustainability and Outlook**

We have intensified efforts toward environmental sustainability, efficient water use, and customer education on conservation. Our engagement with the County Government and development partners has resulted in key projects such as the Thika - Githunguri Water and Sanitation Project (TGWSP) and Karimenu II Dam, both translate to significantly improved water supply and sewerage coverage.

As we look ahead, we remain committed to transforming THIWASCO into a model utility that meets the needs of a fast-growing urban population while safeguarding water resources for future generations.



Bishop Kennedy Mwangi Mbatia

**Chairperson of the Board**

## **6. Report of the Managing Director**

The financial year ended June 30, 2025, marked a transformative period for Thika Water and Sewerage Company, characterized by both dynamic growth and evolving demands within our service area. As Thika Town advances toward becoming an Industrial Smart City, we have remained focused on adapting to emerging challenges while capitalizing on new opportunities. This report highlights our financial performance, major milestones achieved, and strategic priorities that will shape our continued progress in sustainable service delivery and infrastructure development.

### **Financial Overview**

During the financial year ended June 30, 2025, the company recorded total revenue of Kshs. 1,175,334,139 representing a 14.90% growth compared to Kshs.1,022,945,657 reported in the previous year. This positive performance was largely attributed to growth in customer base, reduced Non-Revenue Water (NRW), and enhanced billing systems.

Operating expenses stood at Kshs. 1,156,938,863 resulting in a net margin of Kshs.12,876,693. These results reflect our steadfast commitment to financial discipline, operational efficiency, and sustainable resource utilization.

### **Key Milestones Achieved**

- Increased water connections to 42,883 and sewerage connections to 16,203.
- Expanded the network to 879 km of water pipelines and 129 km of sewer lines.
- Enhanced drainage infrastructure in Kiandutu, Ngoingwa, Witeithie, Kisii Estate, Athena, and Thika Slaughterhouse through stormwater management projects (delegated assignment by the County Government of Kiambu).
- Planted 10,000 trees in 2025.
- Partnered with the County Government of Kiambu to plant 1,300 ornamental trees in urban beautification projects (delegated assignment by the County Government of Kiambu).
- Rolled out a digital leak and burst response system, improving maintenance response time.
- Introduced on-spot billing in March 2024, improving the customer billing experience.
- Launched a customer self-service mobile application in July 2024, allowing users to access bills, submit complaints, send meter readings, and request services.
- Conducted free HIV/AIDS testing and counselling during World AIDS Day, 1st December 2024.
- Distributed food to the elderly during the 2024 Christmas season and supplied drinking and bowser water for key national and county events.
- Continued operations under an eight-year WASREB license and received a five-year indexed tariff approval.
- Maintained cashless bill payment options, ensuring convenience and security.
- Achieved national recognition in the 2024 WASREB Impact Report (Issue No. 17): Ranked 6th nationally, 3rd among large utilities, and 1st in the Athi region

### **Strategic Outlook**

In line with our vision for sustainable growth and improved service delivery, the 2024–2025 financial year saw the successful rollout of our five-year Strategic Plan (2024–2029) alongside the three-year Business Plan (2024–2026). These guiding frameworks serve as blueprints for steering the company toward its long-term goals while addressing present-day operational priorities.

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

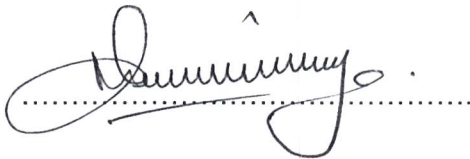
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Both plans outline a clear direction for the company, anchoring our initiatives on strategic objectives that remain central to our mission and responsiveness to community needs. These themes include

- Increase customer satisfaction from 68.4% to 80%.
- Introduce annual staff performance targets with a global performance target of 80%.
- Reduce Non-Revenue Water (NRW) from 36% to 25%.
- Increase volume of sewage treated from 12,000 to 24,000 m<sup>3</sup>/day.
- Improve the operational ratio from 1.12 to 1.3.
- Address at least two challenges identified in the Kiambu County Watershed Management Investment Plan.

**Conclusion**

The Company's financial performance for the period ended June 30th, 2025, has remained strong, driven by deliberate investments, prudent financial management, and a sustained commitment to long-term growth. Looking forward, we will continue to prioritize improved service delivery, infrastructure development, and financial resilience as we respond to rising demand and the evolving environmental landscape.



Dr. (hc) Moses K. Kinya

**Managing Director**

**7. Statement Of Performance Against Predetermined Objectives for FY 2024/25**

Thika Water and Sewerage Company has six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2029. These strategic pillars/ themes/ issues are as follows:

- Pillar /theme/issue 1: To Increase customer satisfaction rate from 68.4% to 80% in 5 years
- Pillar/theme/issue 2: To Introduce annual staff performance targets and aim for a global performance of 80% by 2029
- Pillar/theme/issue 3: To Reduce NRW from 36% to 25% by 2029.
- Pillar/theme/issue 4: To Increase volume of sewage treated from 12,000 to 24,000 m3/ day in 5 years.
- Pillar/theme/issue 5: To Increase the operational Ratio from 1.12 to 1.3 by 2029.
- Pillar/theme/issue 6: Mitigate 2 Kiambu County Watershed Management Investment Plan Challenges in 5 years

Thika Water and Sewerage Company develops its annual work plans based on the above six pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. THIWASCO achieved its performance targets set for the FY 2024/2025 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues		Key Performance Indicators	Activities	Achievement
Pillar/ theme/ issue 1:	1. To Increase customer satisfaction rate from 68.4% to 80% in 5 years	1.1 Assess customer survey questionnaire (including wastewater and sanitation)	1.1.1 Review existing customer satisfaction survey tool to include wastewater and sanitation.	done
			1.1.2 Develop the customer satisfaction survey tool	done
			1.1.3 Implement the developed customer survey tool	We have procured a consultant who will carry out the CSS
		1.2 Reduce complaint resolution time	1.2.1 Assess the current complaint resolution time	done
			1.2.2 Review the customer service charter	Done
			1.2.3 Implement and monitor the reviewed customer service charter	Not done
Pillar/ theme/ issue 2:	2. To Introduce annual staff performance	2.1 Strengthen Training and Training	2.1.1 Review training needs	The budget has been allocated however a consultant is yet to be engaged.

**Thika Water Sewerage Company Ltd**

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

	targets and aim for a global performance of 80% by 2029	Development components	2.1.2 Implement Training needs assessment report	The budget was allocated and utilized in line with the corporate and strategic goals however the company is in the procurement process of identifying a consultant to assist in the implementation.
			2.1.3 Evaluate the implementation of the Training needs assessment outcomes	The company is in the procurement process of identifying a consultant to assist in the implementation
		2.2 Develop an annual staff performance rating tool	2.2.1 Review the performance rating tool	Implemented the Balanced Scorecard (BSC) tool in the performance management system.
			2.2.2 Implement adjustments of the performance rating tool	In progress
			2.2.3 Conduct annual staff appraisals based on "new" tool	Not Done
Pillar/ theme/ issue 3:	3. To Reduce NRW from 36% to 25% by 2029	3.1 Have fully operational DMA's	3.1.1 Map supply pipeline zones to identify DMA's and determine the NRW baseline	<p>Mapping is ongoing for unmapped pipelines and appurtenances. Mapping of commercial zones which were not mapped have also commenced and 25% is completed. The commercial zones will better inform on feasible DMAs.</p> <p>A quotation was floated to procure a web-based GIS system. The bids were received. The evaluation is currently being conducted for the lowest bidder as per the provided specifications.</p>
			3.1.2 Implement DMAs up to 3,000 connections each	<p>The formation of DMA zones is ongoing. The underlisted DMA's have been implemented and data collection has commenced.</p> <ol style="list-style-type: none"> <li>1. Nanasi Umoja DMA</li> <li>2. Gachagi LIA</li> <li>3. Kiboko/USAID/UTI</li> <li>4. Kiandutu</li> <li>5. Section II (2 meters yet to be installed)</li> </ol> <p>Additionally, there are also the underlisted sub-DMA's that have been formed,</p> <ol style="list-style-type: none"> <li>1. Flame tree Estate</li> <li>2. Makki sub-DMA</li> <li>3. Maporomoko sub-DMA (One meter yet to be installed)</li> <li>4. Bendor sub-DMA</li> <li>5. Riverview Estate (Witeithie)</li> </ol>

**Thika Water Sewerage Company Ltd**

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

			3.1.3 Document and implement the base reduction measures to undertake	We have 100% metering ratio. Additionally, the department conducts continuous meter replacement. We have been conducting meter sealing for all consumers above 40 units and still ongoing to reduce cases of meter tampering. We have also focused on repairing leaks and bursts in a timely manner and rehabilitate old and dilapidated infrastructure.
		3.2 Conduct a NRW audit according to WASREB Guidelines	3.2.1 Be Trained on NRW auditing	The NRW Unit attended training on basic NRW principles. The trainer was able to avail a tool for conducting NRW audit. The unit is currently conducting data collection in; pressure measurement, burst registration, Unmetered consumptions to populate the tool and conduct NRW audits. There is a need for further training.
			3.2.2 Conduct NRW audit	Not done
			3.2.3 Implement and follow up NRW audit findings	Not done
Pillar/ theme/ issue 4:	4. To Increase volume of sewage treated from 12,000 to 24,000 m <sup>3</sup> / day in 5 years	4.1 Improve WW treatment plant	4.1.1 Desludge waste water ponds as per operational manual	W.I.P
			4.1.2 Improve exhauster discharge points to keep solid waste out	Budgeted in FY 2025-2026
			4.1.3 Implement maintenance schedule for waste water plant	W.I. P
		4.2 Increase WW household connections	4.2.1 Extend sewage laterals to uncovered areas	WIP
			4.2.2 Operate & maintain existing sewer networks	Continuously done
			4.2.3 Develop and Implement LIA policy for social connection	Done

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

Pillar/ theme/ issue 5:	5. To Increase to operational Ratio from 1.12 to 1.3 by 2029	5.1 Strengthen actuals versus budgets analyses and operational outputs	5.1.1 Get cost centers in place in Sage 300	-This has been determined, seven cost centres representing departments. -The contractor for sage 300 is engaged and has a valid contract. -Trainings are in progress.		
			5.1.2 Prepare monthly analyses reports	The report format tailormade to our need data being updated -Implementer has not be able to format and produce report on cost centre -Able to produce monthly analysed report inform of budget and actual comparison.		
			5.1.3 Conduct Internal Audits and follow ups of recommendations	In progress		
		5.2 Increase revenues	5.2.1 Increase the amount of water sold	The company recorded a 4.57% increase in the volume of water sold		
			5.2.2 Increase water connections	the Company increased the number of total connections to 42,883, up from 42,005 in FY 2023/2024, reflecting a 2.09% growth		
			5.2.3 Increase sewer connections	The number of sewer connections grew from 15,598 in FY 2023/2024 to 16,203 in FY 2024/2025, an increase of 605 connections equivalent to 3.88% growth		
		Pillar/ theme/ issue 6:	6. Mitigate 2 Kiambu County Watershed Management Investment Plan Challenges in 5 years7	6.1 Conduct Stewardship of your natural resources	6.1.1 Engage relevant stakeholders	Done
					6.1.2 Mapping and pegging of riparian land along our source rivers	Done
					6.1.3 Establish partnerships with engaged stakeholders	W.I. P
6.2 Contribute to reforestation and watershed protection	6.2.1 Establish a tree nursery with a capacity of 100,000, both indigenous and fruit trees			W.I. P		
	6.2.2 Distribute tree seedlings to identified partners and stakeholders			In progress		
	6.2.3 Plant 10,000 trees annually			Done and continuous		

**8. Corporate Governance Statement**

**i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter**

THIWASCO is regulated by WASREB and therefore bound to comply with the corporate governance guidelines 2024.

The board members are recruited competitively by the County Government of Kiambu in line with the qualification criteria specified by the WASREB corporate governance guidelines 2024.

The board is composed of 9 members, 2 members being nominees representing the county Government of Kiambu responsible for Finance, ICT & economic planning and Water, environment, natural resources & climate change departments. The other 7 directors represent the various company stakeholders that include Kenya association of manufacturers, business community, religious institutions, non-government organizations, professional bodies (2) and resident associations. The company has a board charter in place which guides the operations of the board.

**ii. Roles and functions of the board**

The board is responsible for governance, oversight, and major decision making representing the interest of stakeholders and shareholders. In execution of these roles, the board approves the company’s strategic plan, annual budgets and procurement plans. In addition, the board ensures there is a business plan and annual work plans to implement the strategic plan. The board signs a performance contract with the Managing Director who cascades to the management and staff. The board ensures that there are audited financial statements in accordance with PFM Act 2012, Regulations 2015 every 12 months cycle. In terms of compliance, the board ensures that the company complies to all laws and regulations through the guidance of Company Secretary and Internal Audit. The board is also responsible for communication with the stakeholders through a well-publicised annual stakeholders forum and holding the annual general meeting.

**iii. Induction, training, and development**

New board members upon appointment receive a formal induction on their roles, duties, responsibilities and obligations as well as board practices and procedures. The board members are regularly trained on improving their understanding of the water service sector operations, deepening oversight skills in financial management, risk management, internal controls and different compliance requirements that are critical to THIWASCO business.

**iv. Board and members’ performance**

The board has in place an approved performance tool that is used to evaluate the performance of the board and individual board members every once a year as per WASREB Corporate governance guidelines 2024 provisions.

**v. Number of Board meetings held and the attendance to those meetings by members**  
**Number of meetings held in 2024/2025**

No	Nature	Frequency
	<b>Full Board Meetings</b>	
A	Regular full board meetings	4

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

	<b>Other meetings attended by all Board members</b>	
B	<b>Special Full Board meeting</b>	3
C	Induction/Orientations, Trainings, Public Participation, AGM, Internal stakeholders meeting	8
	<b>SUB TOTAL</b>	<b>15</b>
	<b>Committee Meeting</b>	
	<b>Regular committee meetings</b>	
A	Finance and Administration Committee	4
B	Technical committee	4
C	Audit committee	4
	<b>Special Committee meetings</b>	
D	Selection Committees, Special Committees	3
	<b>Sub-total</b>	<b>15</b>
	<b>Grand Total No. of meetings held</b>	<b>30</b>

**Attendance by Members**

<b>FULL AND COMMITTEE BOARD MEETINGS ATTENDANCE</b>							
No.	NAME	Full board	Finance and admin	Technical	Audit & Risk	Special Full board	Special Committee
	<b>Total No. of meetings 2024/2025</b>	4	4	4	4	3	3
1	Maina Ruo	4		1	1	3	
2	Jennifer Musyoki/Eng. Samuel Kirera/ Edmund Njihia/ Peter Ndegwa	1		2		1	2
3	William Kimani /Anne Nduta	4	3		4	3	1
4	Bishop Amos Mwangi	4		3	4	3	1
5	Shem Wambua Kivyatu	4	4	4	1	3	2
6	Bishop Dr. Kennedy Mwangi	4	4	4	4	3	3

**vi. Succession plan**

The shareholders must avoid a situation where all board members retire at the same time in order to ensure institutional memory. The company is guided by provisions of the WASREB Corporate governance guidelines 2024 on the board succession, where 1/3 of the board members other than those from the county government retire from the office by rotation every three years.

**vii. Policy to manage conflict of interest.**

The directors are guided by WASREB'S Corporate governance guidelines, company Bribery and Anticorruption policy & board charter provisions in regard to conflict-of-interest management when transacting THIWASCO business. The board maintains a conflict of interest register and members are required to declare any conflict of interest in any matters in the board agenda.

**viii. Board remuneration**

The board reviews and recommends the remuneration structure of the directors for approval by the shareholders during the Annual General Meeting.

THIWASCO being a water service provider with a turnover that is within the range Kshs.1 billion to 5 billion, the board expenditure is capped at 1.4% of the turnover or Kshs.20 million whichever is lower as per WASREB Corporate governance guidelines 2024.

**ix. Ethics and Conduct**

The directors and employees of the company are expected to observe high standards of integrity and fair dealings to all the stakeholders. Upon appointment the board members are required to read and sign the code of ethics before transacting any company business. The code of ethics sets out the board standard of conduct and basic principles to guide the directors.

**x. Governance audit**

The company ensures that governance audits are undertaken regularly to evaluate company leadership and strategic management, transparency and disclosure, compliance with laws and regulations, communication with the stakeholders, board systems and procedure and Corporate social responsibility. In the Financial Year 2024/2025 the company strived to implement the recommendations that arose from Governance audit done in 2023/2024 Financial year.

**xi. Communication policy**

The company has an approved communication policy that guides on how the company communicates with customers, employees, partners and the general public.

**xii. Terms of Reference of Committees**

The company has in place approved terms of references for the three board committees established by the board. (Technical, Finance & Administration and Audit & Risk Committees)

**xiii. Policy on related party transactions**

The County Government of Kiambu is the principal shareholder of the Company, holding 100% of the Company's equity interest. Further related party transactions are disclosed in the annual reports and financial statements for period ended June 30, 2025 on Note No.49.

## **9. Management Discussion and Analysis**

This section provides an in-depth analysis of the financial performance and operational activities of the Company for the financial year 2024-2025.

### **Financial Performance**

#### **Revenue**

The Total revenue for the year was Ksh. 1,175,334,139 representing a 14.90% increase from the previous financial year. This positive performance was largely attributed to growth in customer base, reduced Non-Revenue Water (NRW), tariff adjustment and enhanced billing systems.

#### **Operating Expenses**

Operating expenses totalled Ksh. 1,156,938,863 reflecting 26% increase compared to the last financial year. Major contributors to this change included factors such as energy costs, maintenance expenses and inputs (chemicals) attributed to inflation and forex.

### **Operational Highlights**

#### **Water Supply and Quality**

The company produced and supplied 15,331,819 m<sup>3</sup> of water, meeting all regulatory quality standards. This volume is a 2% increase in production compared to the last financial year.

#### **Customer Service**

The customer satisfaction index remained high with a rating of 68.4%, attributed to initiatives such as enhanced digital services and quicker response times.

#### **Water & Sewer coverage**

The company expanded its customer base by 2.5%, reaching a total of 59,086 customers. The total number of water and sewer connections stood at 42,883 and 16,203, respectively.

#### **Non-revenue water (NRW)**

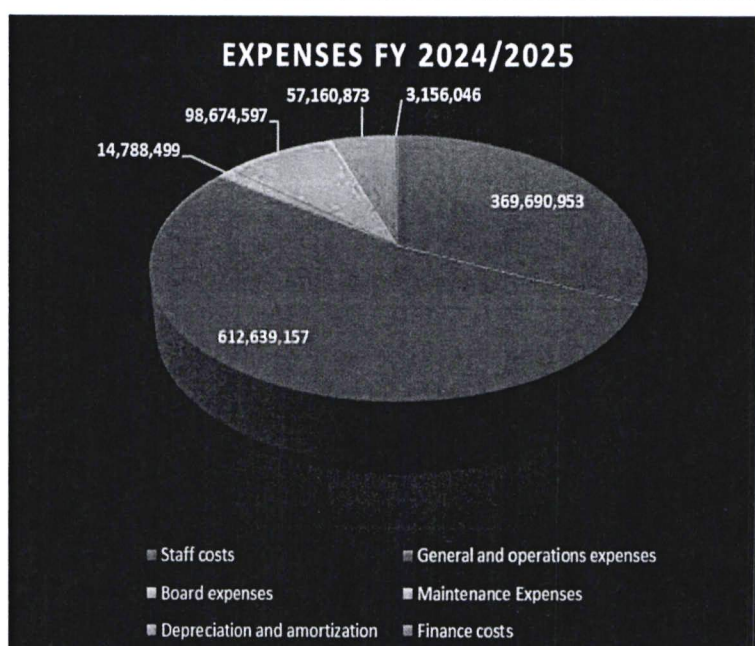
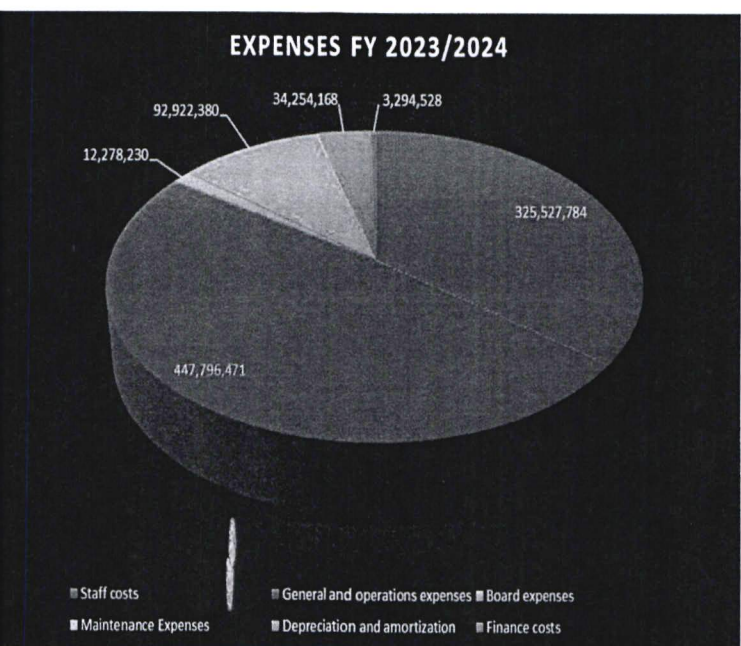
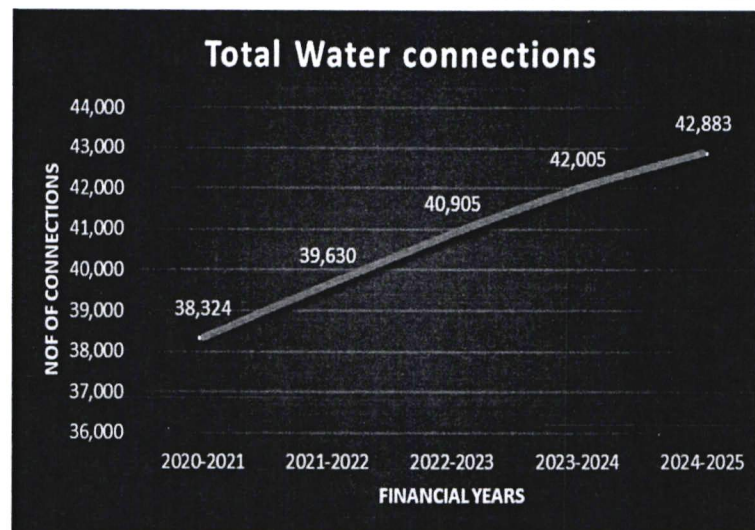
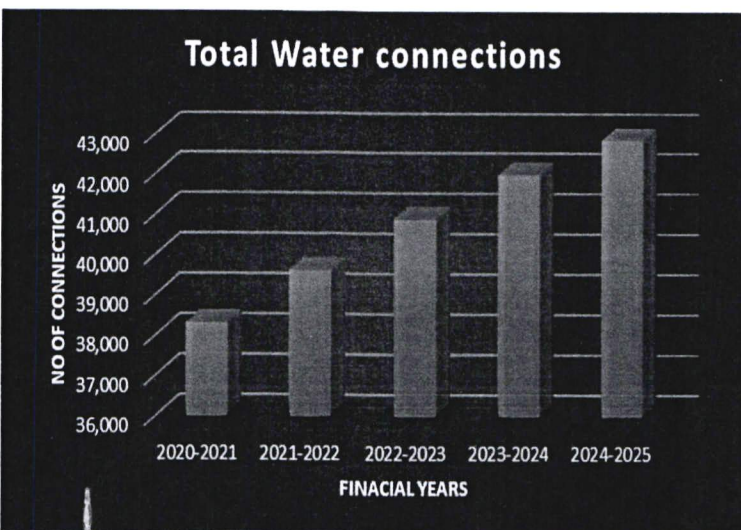
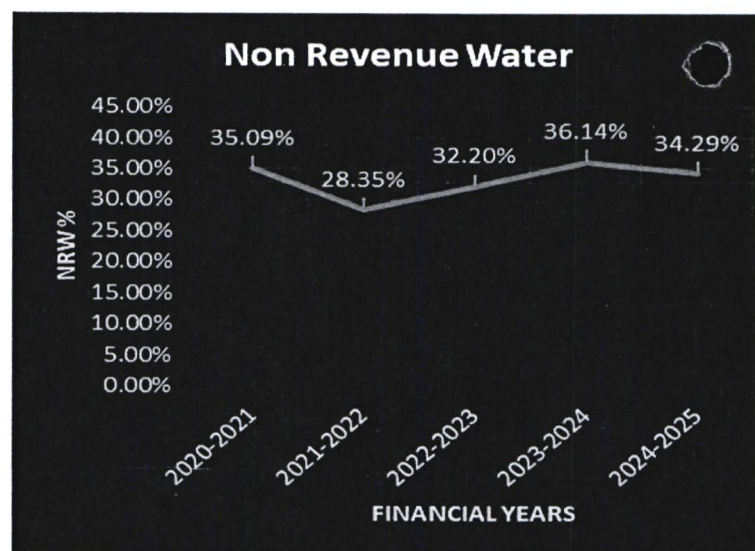
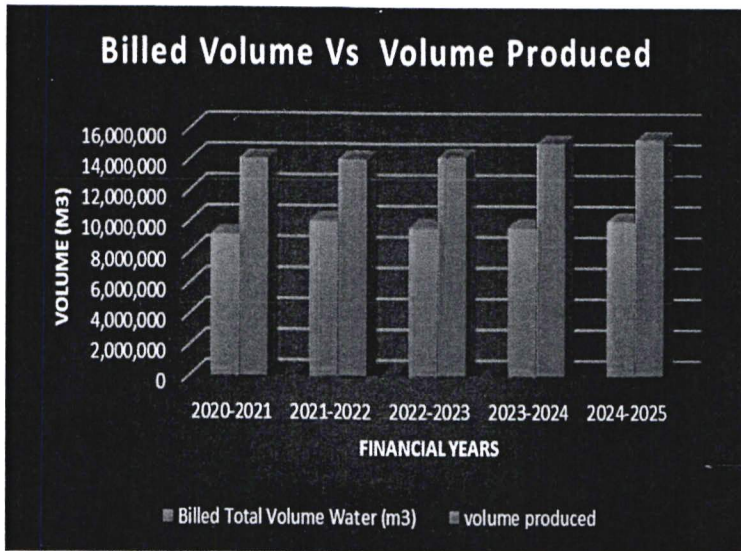
The company's non-revenue water stood at an average of 34.29%. This is a 1.85% decrease in the NRW average compared to the last financial year.

### **Strategic Initiatives**

#### **Infrastructure Development**

- Significant investments were made in upgrading aging infrastructure, including the replacement of 54 km of pipelines.
  - In partnership with development partners through AWWDA, the company is undertaking long term investments to significantly increase access to potable water in operation. These projects are as highlighted below.
1. Thika and Githunguri Water and Sanitation Project being implemented under 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. 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.

**Thika Water Sewerage Company Ltd**  
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## Thika Water Sewerage Company Ltd

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

During the year, the Company planned to execute internally funded projects costing about Kshs. 151,889,225 in total. These projects were at various levels of completion at the end of the year. These projects are as highlighted listed under Appendix II (Projects implemented by the company) Page 73 & 74

#### Technological Advancements

- Rolled out a digital leak and burst response system, improving maintenance response time.
- Introduced on-spot billing in March 2024, improving the customer billing experience.
- Launched a customer self-service mobile application in July 2024, allowing users to access bills, submit complaints, send meter readings, and request services.

#### Regulatory Compliance

- The company successfully complied with all regulatory requirements, avoiding any fines or penalties.
- Ongoing engagement with regulatory bodies ensures that the company remains ahead of potential legislative changes.

#### Company performance as at June 30,2025.

NO.	Key Performance Indicator	Bench Mark	FY 2024/2025
1	Revenue Collection Efficiency (%)	≥95	95.09
2	O + M Cost Coverage (%)	>100	124
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	30
6	NRW (%)	<20%	34.29

#### Risk Management

##### 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.

##### Operational Risks

Key risks include; aged and dilapidated water & sewer infrastructure, natural disasters, water scarcity and overreliance on one source of energy. The company mitigates these risks through; water safety plans and regular maintenance.

##### 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.

**ICT Failure and Cybersecurity Risks**

Information and Communication Technology failures and cybersecurity risks in the company are critical concerns because these systems are essential for ensuring safe and reliable delivery of water and sewerage services. ICT risks include; system outages and data loss while cybersecurity risks include cyberattacks and data breaches.

**Legal risks.**

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.

**Challenges and Opportunities**

As Thika evolves into an industrial smart city, the pace of growth has outstripped infrastructure development. Our major challenges include a daily water supply deficit of approximately 18,000m<sup>3</sup> (demand: 60,000m<sup>3</sup>/day vs production: 42,000m<sup>3</sup>/day), infrastructure and limited capacity for rapid expansion, high energy costs, consuming ~15% of annual revenue, climatic impacts, such as reduced water levels, vandalism, illegal connections, and damage from external infrastructure works.

The rapid growth of population in Thika and the ongoing elevation to Thika Industrial Smart City status presents the biggest opportunity for the company, with huge prospects in growth of the number of customers to serve.

**10. Environmental And Sustainability Reporting**

**(i) Sustainability strategy and profile**

THIWASCO underscores the importance of maintaining a financially healthy institution to ensure long-term sustainability. During the period under review, the company continued to implement the five-year tariff approved in 2021, which, along with the indexation mechanism that cushioned against inflation, contributed to financial stability. This enabled critical investments to expand water and sewerage coverage and reduce NRW. Strict adherence to the approved budget and cost control ensured healthy cash flow. The company also revised its Service Charter to reflect improved service standards and customer engagement. As a result, THIWASCO remains well-positioned to deliver quality services and achieve its strategic goals.

**(ii) Environmental performance**

In its continued commitment to environmental conservation and creating a more habitable ecosystem, THIWASCO remains dedicated to collecting and treating wastewater from households and industries within its jurisdiction. The company operates and maintains the necessary infrastructure, with an annual budget allocated for sewer network expansion, rehabilitation and maintenance. Provisions are also made for the procurement of essential tools and equipment, with trained teams conducting daily operations supported by proper logistics, PPE, and regular training. To ensure environmental compliance, THIWASCO continues to upgrade its laboratory for effluent quality monitoring, complemented by quarterly external validation tests. As part of its climate change response, the company has funded green initiatives including the planting of over 10,000 trees and the marking, pegging of riparian land. Advancing its sustainability agenda, THIWASCO solarized the Magana Primary Borehole to reduce grid dependency and promote renewable energy use. Additionally, the adoption and implementation of the E-Board system has enhanced governance, efficiency and reduced paper use. These integrated efforts reflect THIWASCO's leadership in environmental stewardship, innovation and institutional sustainability.

**(iii) Employee welfare**

THIWASCO is an equal opportunity employer committed to fair employment practices and the recruitment of qualified individuals without discrimination based on age, race, gender, marital status, nationality, religion, disability or other personal attributes. The company ensures that all staff are competent professionals who meet high performance standards and uphold integrity. Career development is supported through sponsored training and professional courses. To enhance accountability, THIWASCO uses a performance appraisal system based on the balanced scorecard and operates a reward system to recognize exceptional performance. Additionally, the company has developed a policy aligned with the OSHA 2007, with a dedicated committee overseeing its implementation.

**(iv) Market place practices-**

**a) Responsible competition practice.**

THIWASCO has an approved anti-corruption 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. In addition, the company has a functional CPC backed up by IAO. Both teams have undergone training by EACC.

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. 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 therein. 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 advertisement or Responsible engagement with the citizens.**

**Responsible Engagement with Citizens**

In the financial year ending June 2025, THIWASCO prioritized ethical and inclusive stakeholder engagement, ensuring transparency, respect for diversity, and responsiveness to community needs. Community sensitization forums were held in areas such as Karibaribi, Kiandutu, and Ngoingwa-Murram, where residents were provided with factual updates, real-time service resolutions, and opportunities to participate in decision-making. Customer Care Week saw support extended to vulnerable groups, reinforcing social responsibility, while monthly cleanups and participation in World Cleanup Day promoted environmental awareness in a non-coercive, civic-minded manner.

The company also emphasized transparency in collaborative projects, regularly updating the public on infrastructure developments like the Thika & Githunguri Water and Sanitation Project in partnership with stakeholders such as Danida, Athi Water Works, and the County Government of Kiambu. A structured Annual Stakeholder Meeting offered a platform for public feedback, performance review, and forward planning. Throughout all engagements, THIWASCO remained committed to honest communication, mutual respect, and community empowerment, reinforcing its role as a model for responsible citizen engagement.

**d) Product stewardship or Awareness creation**

THIWASCO has implemented key measures to safeguard consumer rights in areas of health, transparency, dispute resolution, and data protection. To protect public health, the company ensures water quality meets regulatory standards through regular monitoring and effective sewage treatment. Transparency is promoted via clear communication on tariffs, billing, and services through its website and outreach programs. Customers can lodge complaints through multiple channels, with escalation to regulatory bodies when necessary. Fair employee treatment is upheld internally, and access to services is made transparent through formal connection procedures and anti-fraud reporting. Procurement follows legal standards to ensure integrity and fairness in contractor selection.

THIWASCO also prioritizes data protection, lawfully collecting and handling personal information from stakeholders, including customers, employees, and partners. The company ensures data is fairly processed, used for limited purposes, accurate, secure, and not retained longer than necessary. Personal data is protected under strict principles aligned with data subject rights and is not transferred outside Kenya without adequate safeguards. Additionally, THIWASCO promotes a safe and healthy work environment in line with OSHA 2007, with a dedicated committee overseeing its implementation. Staff are provided with PPE, tools, and hazard awareness programs, supported by sufficient financial and human resources to ensure effective compliance.

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

As part of our commitment to public health and community well-being, Thiwasco conducted a two-day HIV awareness and testing campaign on 1st and 2nd December 2024 at Mama Ngina Grounds. The initiative reached over 520 individuals, offering free HIV testing, counselling, and education on prevention and safe practices. The program aimed to promote early detection, reduce stigma and support informed health choices within the community.

In the year ended June 30, 2025, THIWASCO intensified its corporate social responsibility efforts through impactful environmental conservation and community-centred programs. Notably, the company, in collaboration with the Department of Water, Environment, Natural Resources, Energy and Climate Change, undertook multiple tree-planting initiatives within Thika Town and surrounding areas. These included the planting of ornamental trees along the town's avenue as well as the successful planting of indigenous and fruit trees at the Mary Hill parcels of land during the Annual Tree Planting Day. These initiatives reinforce THIWASCO'S strategic goal to plant and grow at least 10,000 trees annually, enhancing urban aesthetics, promoting climate resilience, and improving air quality. The company also actively participated in the Monthly Cleanup Campaigns spearheaded by the County Government, demonstrating continued commitment to environmental sustainability and encouraging public participation in maintaining clean and healthy surroundings.

Additionally, THIWASCO continued to strengthen stakeholder engagement through community forums, sensitization meetings, and support to vulnerable groups. Engagements held in various areas within its jurisdiction, discussions on water supply improvements, sanitation and compliance with regulatory standards. The company supported national environmental campaigns such as World Cleanup Day and extended humanitarian support to flood-affected households. Through collaboration with various partners THIWASCO ensured alignment of its development goals with both community needs and strategic national objectives. Moving forward, the company aims to scale up its CSI initiatives by seeking further support from stakeholders, including the County Government of Kiambu—for low-income and underserved areas, while continuing to champion environmental stewardship and sustainable service delivery.

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

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**11. Report Of the Directors**

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

**i) Principal activities**

The principal activities of the Company are 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, 2025 are set out on page 1. Below is summary of the profit or loss made during the year.

<b>Results</b>		
<b>Description</b>		<b>Ksh</b>
Revenue		1,175,334,139
Recurrent Expenses		1,156,938,863
EBT		18,395,276

**iii) Dividends**

The company did not declare dividends for the year ended June 30, 2025

**iv) Directors**

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

**Thika Water Sewerage Company Ltd**

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

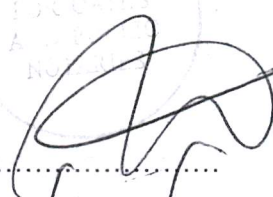
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**v) Auditors**

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

**By Order of the Board**

**Nyongesa Nafula & Co. Advocates**

Signature.....

Date.....2/12/2025

## **12. 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, 2025. This responsibility includes:

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

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

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date.

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

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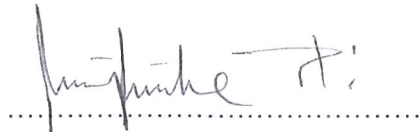
**Statement Of Directors' Responsibilities (Continued)**

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.

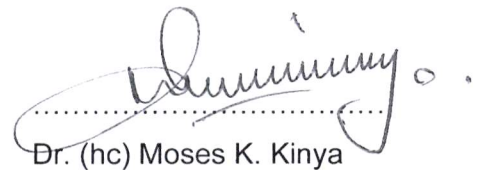
**Approval of the financial statements**

The company financial statements were approved by the Board on 02/12 2025 and signed on its behalf by:

  
.....

Bishop Kennedy Mwangi Mbatia

**Chairperson of the Board**

  
.....

Dr. (hc) Moses K. Kinya

**Managing Director**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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NAIROBI

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Thika Water and Sewerage Company Limited set out on pages 1 to 75, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the

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*Report of the Auditor-General on Thika Water and Sewerage Company Limited for the year ended 30 June, 2024*

provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika Water and Sewerage Company Limited as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.234,160,321 as disclosed in Note 43 to the financial statements. Review of records provided revealed the following;

#### **1.1 Unsupported and Long-Term Outstanding Payables**

The statement of financial position reflects long term liabilities of balance of Kshs.218,014,348 that has been outstanding for more than three years as per ageing analysis disclosed in Note 43 to the financial statements. The balance representing 48% of trade and other payables includes long outstanding other payables to defunct Municipal Council of Thika being conservancy fee balance of Kshs.48,502,827 and administrative fee to defunct Athi Water Services Board balance of Kshs.169,511,521.

Management did not provide supporting documents detailing their nature and the reasons why the amount has been outstanding for several years.

#### **1.2. Increase in Trade and Other Payables**

The statement of financial position and Note 43 to the financial statements revealed total trade and other payables balance of Ksh.234,160,312, compared to a balance of Kshs.220,172,726 reported in 2023/2024 financial year representing an increase of Ksh.13,987,586 or 6%.The increase in total payables was primarily driven by trade creditors, which rose by 44%, indicating unpaid supplier invoices. Revenue received in advance dropped to nil, suggesting prior-year receipts were fully recognized as income during the year.

Employee and other payables slightly decreased, though the balances remain significant, highlighting the need for close monitoring of payroll-related liabilities and statutory remittances. The continuous increase in trade and other payables indicates that the Company has not been settling debts as they fall due casting out on the validity of the long outstanding trade and other payables balance.

In the circumstances, the accuracy and completeness of the trade and payables balance of Kshs.234,160,321 could not be confirmed. The Company is exposed to loss of funds through fines and penalties.

## **2. Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.457,030.349 as disclosed in Note 29 to the financial statements. However, review of records provided for audit revealed the following;

### **2.1 Long Outstanding and Unsupported Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.457,030.349 as disclosed in Note 29 to the financial statements. However, review of the trade and other receivables documents submitted for audit and as disclosed under Note 29 to the financial statements revealed that trade and other receivables totalling Kshs.491,610,069 had been outstanding for more than ninety-one (91) days.

### **2.2 Misclassification of Trade and Other Receivables**

Included in the receivables balance of Kshs.457,030.349 is amount of Kshs.20,113,146 relating to deposits and prepayments out of which Kshs.6,777,201 relating to a payment made on 17 July, 2025 to CFAO Motors Kenya Limited, for delivery of a single cabin pick up instead of being classified under trade and other payables.

### **2.3 Billing Services – Water Service Providers**

Included in the above trade and other receivables is a balance of Kshs.10,792,225 in respect to billing services to Water Service Providers (WSP). Review of documents submitted for audit revealed that this balance had been outstanding since financial year 2017/2018. Further, details of specific transactions of the above balance were not provided for review. Despite this being highlighted in previous audit reports, Management made very little almost no progress in collecting the long outstanding balances.

### **2.4 Staff Receivables**

Included in the trade and other receivables balance of Kshs.10,792,225, is Kshs.6,522,727 in respect to staff receivables. Review of documents submitted for audit revealed that this balance was as a result of funds advanced to various members of staff during the year under review. However, this balance includes Kshs.4,186,880 which had been outstanding for more than one hundred and fifty (150) days, and no repayments were recorded during this period. In addition, some of the staff members with outstanding debts are alleged to have been dismissed, but their specific details including follow up reports by the Company were not provided for audit review.

Management did not also provide evidence of measures taken or strategies put in place taken to ensure collection of the outstanding amounts.

### **2.5 Long Outstanding Staff Debtors**

Included in the above trade and other receivables balance is Kshs.4,773,974 in respect to staff receivables. Review of supporting documents revealed that the above balance had been outstanding since the financial year 2017/2018. Further, details of specific transactions amounting to the above balance were not provided for audit. It was not clear

why staff debtors were captured as a separate item from staff receivables, showing a possibility of double reporting in trade and other receivables.

In addition, Note 29 to the financial statements reflects provision for doubtful staff debtors of the above amount in full, however, Board approval minutes for the same were not provided for review.

### **2.6 Trade Receivables from Billed Clients**

Included in the above trade and other receivables balance is Kshs.418,135,676 in respect to trade receivables. Review of supporting documents revealed that these receivables included a balance of Kshs.50,596,131 which had been outstanding for more than ninety-one (91) days, in respect to water and sewer related sales. Out of this balance, Kshs.29,235,080 comprised of active clients who were still being billed. However, Management did not demonstrate strategies put in place to recover the debts, despite the continual billing of the debtors. There was no evidence that demand notes were issued to customers with outstanding water bills.

In the circumstances, the accuracy and recoverability of trade and other receivables balance of Kshs.457,030,349 reported as debts could not be confirmed

### **3. Unsupported Grants Income – County Government of Kiambu**

The statement of profit or loss and other comprehensive income and Note 7 to the financial statements reflects an amount of Kshs.12,726,790 in respect of grants income. as disclosed in Note 7 to the financial statements. Review of documents submitted for audit revealed that the funds were received from the County Government of Kiambu for execution of delegated assignments such as beautification of Mama Ngina Garden, rehabilitation of Kiandutu drainage system, rehabilitation of Witeithie drainage system, rehabilitation of Ngoingwa drainage system and rehabilitation of Kamenu drainage system. However, Management did not provide any signed agreements between Thika Water and Sewerage Company Limited and the County Government of Kiambu, hence the audit could not confirm the scope and terms of engagement, specific obligations of both Thika Water and Sewerage Company Limited and the County Government of Kiambu and the total funds to be disbursed and the specific timelines.

Further, a detailed breakdown of specific projects/assignments to be undertaken and the funds allocated to each project, specified timelines and conditions for each project/assignment, preconditions to contract signing, funds disbursement, fund use, project monitoring and project closure and implementation status reports showing how the funds were expensed and the balance was not provided for audit verification. Management did not provide Board approval minutes and progress reports for the projects/assignments undertaken during the year.

In addition, review of documents submitted for audit revealed that the Company made requests for funds to County Government of Kiambu vide letters Ref: TWSC-48/MK/020/605 - Kshs.8,704,140 and TWSC-48/MK/020/604 - Kshs.4,000,000 dated 15 October, 2024 for specific assignments. The funds were disbursed by Kiambu County

Government via; P.V Number 1576 – Kshs.8,704,140 and P.V Number 3306 – Kshs.4,000,000.

In the circumstances, the accuracy and regularity of Kshs.12,726,790 in respect of grants income and the funds requested could not be confirmed.

#### **4. Unsupported Imprest**

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.612,843,258 in respect to general operations expenses as disclosed in Note 12 to the financial statements. Review of documents submitted for audit revealed that an amount of Kshs.3,814,300 was incurred on staff allowances, while attending (Water and Sewerage Company) WASCO sports outside the office premises. However, Management did not provide imprest warrants used to advance funds to the respective members of staff and approved surrender forms to account fund utilization. In addition, these payments were not recorded in the imprest register as per the above Public Finance Management Regulations.

In addition, imprest applications for funds amounting to Kshs.516,429 were issued to various members of staff to procure goods and services for the Company. However, surrender of the same was done more than seven (7) days after the intended purpose of the funds advanced had been accomplished.

In the circumstances, the accuracy, completeness and regularity of the imprest amount of Kshs.516,429 could not be confirmed.

#### **5. Discrepancies in Inventory**

Note 28 to the financial statements reflects inventories balance amounting to Kshs.49,816,771. Management provided stock take report for the year ended 30 June, 2025. However, the following observations were made;

- i. Water meters donated by the defunct Athi Water Services Board which are non-functional have no values although they have been included in the inventory.
- ii. Water inventory as at 30 June, 2025 valued at Kshs.582,298 was not stated under what category of stocks though included in the inventories. Further, the physical stock provided did not classify the stock items therefore, it was not possible to confirm the value of the stock provided for audit.

In the circumstances, the valuation and accuracy of Inventory balance of Kshs.49,816,771 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 the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of Matter

### Lack of Budget Approvals

During the year under review, the Board approved an initial budget on 26 March, 2024 and three (3) supplementary budgets, approval for supplementary three (3) being on 5 June, 2025. Approval for the initial budget was three (3) months after the required timeframe. Further, there was no documentary evidence that the County Executive Committee Member responsible for Water approved the budget or submitted it to the County Treasury for approval. Additionally, although the Board approved the budget, there was no evidence provided to confirm that the County Assembly approved it as required.

Further, included in the supplementary 3 budget is receivable grant from Kiambu County Government of Kshs.22,456,092. However, there was no written agreement between the County Government and Thika Water. It is not clear why the income was included in the budget without any agreement.

My opinion is not modified in respect of this matter.

### Key Audit Matters

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

### Other Matter

#### Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources and and Report on Effectiveness of Internal Controls. Review of the status during audit of the Thika Water and Sewerage Company Limited in 2024/2025 revealed that the following matters remained unresolved.

No.	Financial Year	Audit Issue
1	2023-2024	Unsupported and Long-Term Outstanding Payables
2	2023-2024	Unsupported Trade and Other Receivables
3	2023-2024	Non-Compliance with Ethnic and Regional Balance
4	2023-2024	Employees Earning Less than a Third Basic Pay
5	2023-2024	Non-Revenue Water
6	2023-2024	Delayed Project Completion and Performance (Upgrade of Thika Water Treatment Plant Rehabilitation Phase 1 Works)
7	2023-2024	Desludging and Rehabilitation of Sewer Ponds
8	2023-2024	Completed Projects and Not in Use
8	2023-2024	Land Without Ownership Documents

*Report of the Auditor-General on Thika Water and Sewerage Company Limited for the year ended 30 June, 2024*

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Diversity, Equity and Inclusion**

Based on analysis of the Employee Bio Data 2024–2025, the Company demonstrates compliance in gender equity and youth inclusion, but fails to meet staff ethnic diversity requirements due to significant overrepresentation of one ethnic group (Code 30). While gender balance is satisfactory, leadership representation should be continuously monitored. Further, the age profile indicates a sustainable youth proportion but highlights a need for succession planning as a large share of employees are above thirty-five (35) years. This was contrary to National Youth Policy (2019) recommends that at least 30% of employees be youth (aged 35 years and below).

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

## **2. Non-Compliance with a Third of Basic Pay Rule**

Review of payroll records for the period July, 2024 to June, 2025 revealed that a total of thirty-eight (38) employees had net pay below one-third of their basic salary, in breach of the statutory two-thirds rule. The analysis covered twelve (12) months of payroll data and identified ninety-six (96) instances where total deductions comprising statutory, loan, and voluntary recoveries exceeded the allowable two-thirds limit of basic salary. In several cases, the non-compliance persisted for multiple consecutive months, indicating that the payroll system lacks an automated compliance control to prevent or flag such breaches. This was contrary to Section 19(3) of the Employment Act, 2007 states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

In the circumstances, Management in breach of the law.

## **3. Personnel Expenditure Exceeding WASREB Threshold**

Examination of the statement of profit or loss and other comprehensive income revealed that Water and Sewerage Company Limited incurred total operational costs amounting to Kshs.1,156,938,863 of which personnel expenses totaled Kshs.369,690,953. This translates to a personnel cost ratio of 32%, which exceeds the WASREB limit of 30% for very large companies by 2 percentage points, equivalent to approximately Kshs.22,615,295.

The over-expenditure indicates that the Company's personnel costs were higher than allowable under regulatory standards for its size category.

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

## **4. Repeated Award of Contracts to Non-Performing Contractor**

Audit review of the 2023/2024 to 2024/2025 procurement and project implementation records revealed that a local company was awarded a total of five (5) contracts within the two years period.

All five (5) projects were either terminated or remain incomplete beyond their contractual completion dates. Despite this poor performance record, the contractor continued to receive additional awards in subsequent financial years without evidence of a due-diligence review or performance assessment being conducted prior to new contract issuance. This was contrary to Section 151(2) of the Public Procurement and Asset Disposal

Act, 2015 states that the contract implementation team shall be responsible for monitoring the performance of the contractor to ensure that all delivery or performance obligations are met or appropriate action taken by the procuring entity in the event of obligations not being met and ensure that there is right quality and within the time frame, where required.

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

## **5. Delay in Project Implementation and Inefficient Escrow Fund Management**

Audit confirmed that the Water Sector Trust Fund (WSTF) disbursed an amount of Kshs.16,500,000 to Thika Water and Sewerage Company Ltd (THIWASCO) on 31 May, 2024 as the first tranche of the CLSG II Grant. In compliance with WSTF's letter of 30 April, 2024, THIWASCO began daily transfers to the escrow account in May, 2024, immediately following agreement signing. Bank statements from Family Bank showed an opening escrow balance of Kshs.1,686,666.36 as at 2 August, 2024, confirming that daily deposits of Kshs.18,333.33 had been remitted from the collection account since May–June, 2024.

However, as at 30 June, 2025, the project had not commenced, and the disbursed project funds remained unutilized in the designated account. This indicates that while THIWASCO complied procedurally with the WSTF directive and CLSG II Manual, there was significant delay in implementation, resulting in idle balances both in the project and escrow accounts.

As a result of delay in utilization of funds as intended, Management may not achieve the intended purpose of funds hence the value for money may not be realized.

## **6. Expired Projects Period**

The projects implementation status report shows that ten (10) projects with a total cost of Kshs.167,061,988 were still ongoing despite their contracts having expired in various dates. No requests for their extensions or proof of action taken were provided for review.

In the circumstances, Management was in breach of the contractual provision.

## **7. Non-Revenue Water**

Review of revenue records revealed that the Company produced 15,331,819 cubic meters of water out of which 9,965,682 cubic meters was billed to customers. The difference of 5,366,137 cubic meters represents non-revenue water being 34% of the total water produced, which is 9% above the allowable loss of 25% set by WASREB Guidelines. The unaccounted-for water may have resulted in loss of sales estimated at Kshs.268,306,850 at a rate of Kshs.50 per cubic meter.

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

## **8. Unregistered Parcels of Land**

The statement of financial position and as disclosed in Note 20 to the financial statements reflects land valued at Kshs.28,596,000. The balance excludes nineteen (19) parcels of land located in different locations. The parcels of land were indicated as owned by the Kiambu County Government. However, land title deeds to prove ownership of the parcels of land were not provided for audit. No reason was provided for failure to have the land in the Company's name contrary to Regulation 132(1) of the Public Finance Management

Act, 2015 which states that the Accounting Officer of a County Government entity shall take full responsibility and ensure that proper control systems exist for assets

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

### **9. Proposed Office Block**

The projects implementation status report shows that the proposed office block project awarded at a contract sum of Kshs.51,165,332 is ongoing and at 65% completion. Review of documents provided revealed the following;

- i. Lighting and power were allocated Kshs.100,000 in the BQ. However, there was no proof of power connection meter on site
- ii. Site office which was allocated Kshs.300,000 in the BQ was not constructed.
- iii. The Contractor was not on site.

In the circumstances, the value for money for the project at a cost of Kshs.51,165,332 could not be confirmed.

### **10. Irregular Extension of Contract – Supply and Maintenance of Sanitary Bins and Services**

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.612,843,258 in respect to general and operations expenses as disclosed in Note 12 to the financial statements. Included in this amount is an expenditure of Kshs.7,091,891 incurred on office general expenditure and cleaning. Review of documents submitted for audit revealed that the Company contracted a local contractor through framework agreement signed on 28 March, 2024 for supply and maintenance of sanitary bins and other sanitary services for a period of one (1) year for a contract sum of Kshs.759,600.

Thika Water Management contacted the supplier vide a letter Ref: THWSCO/PD/M/VOL1/087/EXT/2025 dated 1 April, 2025 requesting for extension of services for a period of sixty-two (62) days from 29 March to 31 May, 2025, citing that the tendering process for the services was still in progress. Management requested the service provider for yet another extension vide a letter Ref: TWSC/SC/PD/M/VOL.1/125 dated 31 May, 2025 for a period of sixty-two (62) days from 31 May to 30 July, 2025 citing similar reasons. However, the audit noted the following concerns;

- i. Management did not provide any communication from the head of procurement to the Accounting Officer, citing reasons for extension of time, for instance reasons why the tendering process has delayed, specific timelines for when the process would be complete and their recommendation for specific period to be extended.
- ii. It was not clear why the extensions were granted for reasons of delay in tendering process, yet the procurement department ought to have been aware of the expiry of the contract existing and began the tendering process before-hand, to avoid disruption of services.
- iii. Delay in tendering process could not be categorized as force majeure to warrant extension of time, since is clearly within the control of Thika Water Management.

In the circumstances, Management was in breach of law and the regularity of the contracts could not be confirmed.

## **11. Appointment and Composition of the Board Members**

The statement of profit or loss and other comprehensive income and as reflected under Note 12 to the financial statements reflect Board expenses amounting to Kshs.14,788,499. Review of Board meeting minutes for both the full Board and sub-committees of the Board revealed the following anomalies: -

- i. Review of Board appointment letters and other provided information revealed that the Board had six (6) Members excluding the Managing Director as opposed to nine (9) Members that is provided for in Mwongozo Par.1.1.
- ii. The Board Membership has only one female Member contrary to the directive which provide that 1/3 of the membership should be female.

In the circumstances, the company did comply with the provisions of Mwongozo.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Use of Estimates in Billing of Customers**

Review of the billing summary report provided by Management, showing the clients for the Company with the history of billing in the year under review revealed that 42,854 clients were being billed using an estimates water consumption rather than use of accurate meter readings. This translated to an amount of Kshs.82,538,780 billed using estimated consumption rather than the actual consumption from the customers. Use of estimates may have the Company loose revenues as the clients may have consumed more than what was being estimated.

In the circumstances, the effectiveness of controls on billing of customers by the Company could not be confirmed.

## **2. Meter Replacement Gaps**

The statement of profit or loss and other comprehensive income reflects other income of Kshs.16,683,778 as disclosed in Note 8 to the financial statements. Included in the Note is miscellaneous income of Kshs.4,190,331 which includes meter replacement income of Kshs.1,286,231. Analysis of the detailed meter replacements report provided by Management in comparison with the actual meter replacements that were billed, hence disclosed in the financial statements, revealed that 2,443 records in the detailed meter replacement report were not billed. The price schedule for the meters was not provided for audit review, hence the audit could not confirm the value of the meter replacements not billed. No satisfactory explanation was provided by Management for the anomaly.

Further, analysis of the detailed meter replacements report provided by Management during the financial year revealed the following anomalies;

- i. Some customers meters were replaced more than once in a short span, for instance, some was in a span of one hour.
- ii. No report or explanation was provided on the basis of replacements, and whether the old meters were disposed.
- iii. Some of the meter numbers for the meters being replaced did not match with meter numbers in the billing summaries.
- iv. Some of the customers whose meters were replaced more than once, and the old meter numbers did not match with the replaced once.

In the circumstances, the effectiveness of controls on meter replacements could not be confirmed.

## **3. Lack of Information Communication Technology (ICT) Committee and ICT Internal Control Weakness**

During the year under review, the Company did not establish an IT Strategic Committee which is contrary to Section 6.2 of the IT Governance Standard by the ICT Authority of 2019 which requires that all MCDAs establish two (2) ICT governance committees, an IT Strategy Committee to provide strategic advice on ICT initiatives and investments to the Board and an IT Steering Committee to define the IT mission and goals aligned with the strategic direction of the organization. There was no evidence provided to confirm the Committee held any meetings during the year under audit.

Further, there are no service reports available that document any changes made to the system by the vendor. This lack of documentation raises concerns on accountability and the ability to track modifications or updates that may impact system performance.

In the circumstances, the effectiveness of the ICT internal control processes and governance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on page v is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 25 has been properly prepared in accordance with the Companies Act, 2015.

### **Basis for Conclusion**

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

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

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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


### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**18 December, 2025**

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

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

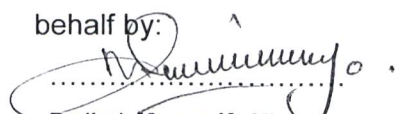
	Note	ksh	ksh
<b>REVENUE</b>		<b>2024/2025</b>	<b>2023/2024</b>
Operating Revenue	6	1,130,327,844	1,002,286,851
Grant income	7	12,726,790	10,132,940
Other Income	8	16,683,778	3,513,599
Finance Income	9	15,590,835	6,985,333
Other Gains	10	4,892	26,935
<b>TOTAL REVENUE</b>		<b>1,175,334,139</b>	<b>1,022,945,657</b>
<b>EXPENSES</b>			
Staff costs	11	369,690,953	325,527,784
General and operations expenses	12	612,843,258	447,796,471
Board expenses	13	14,788,499	12,278,230
Maintenance Expenses	14	99,246,179	92,922,380
Depreciation and amortization	15	57,213,928	34,254,168
Finance costs	16	3,156,046	3,294,528
<b>TOTAL EXPENSES</b>		<b>1,156,938,863</b>	<b>916,073,561</b>
<b>Profit/(loss)Before Taxation</b>		<b>18,395,276</b>	<b>106,872,096</b>
<b>Income tax Expense/(Credit)</b>	<b>17</b>	<b>5,518,583</b>	<b>32,061,629</b>
<b>Profit/(loss) After Taxation</b>		<b>12,876,693</b>	<b>74,810,467</b>


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

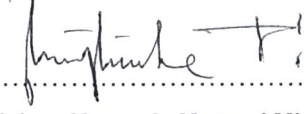
**15. Statement of Financial Position As at 30 June 2025**

<b>ASSETS</b>	<b>Note</b>	<b>2024/2025</b>	<b>2023/2024</b>
<b>Non-Current Assets</b>		<b>ksh</b>	<b>ksh</b>
Land	20	28,596,000	28,596,000
Property, plant and equipment	20	489,783,057	435,525,161
Intangible assets	21	3,171,435	2,212,931
Right -of-use assets	23	21,468,884	24,998,049
<b>Total Non-Current Assets</b>		<b>543,019,377</b>	<b>491,332,142</b>
<b>Current Assets</b>			
Inventories	28	49,816,771	36,447,200
Trade and other receivable	29	457,030,349	539,060,176
Vat recoverable	30	11,452,035	11,452,035
Short- term Deposits	31	115,500,000	95,500,000
Prepayments	32	14,565,003	-
Bank and cash balances	33	90,751,953	71,246,493
<b>Total Current Assets</b>		<b>739,116,112</b>	<b>753,705,904</b>
<b>TOTAL ASSETS</b>		<b>1,282,135,488</b>	<b>1,245,038,046</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	34	100,000	100,000
Retained earnings	37	553,549,550	534,931,514
<b>Capital and Reserves</b>		<b>553,649,550</b>	<b>535,031,514</b>
<b>Non-Current liabilities</b>			
Long term loan	39	875,000	6,875,000
Lease Liability	40	30,910,708	32,631,060
Payables long term outstanding	43	218,014,348	218,014,348
<b>Total non-current liabilities</b>		<b>249,800,056</b>	<b>257,520,408</b>
<b>Current Liabilities</b>			
Provisions	41	52,426,554	53,778,798
Trade and other payables	43	234,160,321	220,172,726
Refundable deposits and prepayments	44	160,777,632	129,972,971
Deferred income	45	16,500,000	16,500,000
Taxation	47	14,821,376	32,061,629
<b>Total Current Liabilities</b>		<b>478,685,883</b>	<b>452,486,124</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,282,135,488</b>	<b>1,245,038,046</b>

The financial statements were approved by the Board on 02/12/2025 2025 and signed on its behalf by:

  
 Dr.(hc) Moses K. Kinya  
 Managing Director

  
 Rosemary Wamaitha  
 Head of Finance  
 ICPAK M/No. 8680

  
 Bishop Kennedy Mwangi Mbatia  
 Chairperson of the Board

**Thika Water Sewerage Company Ltd**  
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**16. Statement of Changes in Equity for the Year Ended 30 June 2025**

	<i>Share Capital</i>	<i>General Reserves</i>	<i>Capital Reserve</i>	<i>Total</i>
	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>
<b><i>Balance as at 1st July 2023</i></b>	<b><i>100,000</i></b>	<b><i>227,538,320</i></b>	<b><i>223,237,227</i></b>	<b><i>450,875,547</i></b>
<b><i>Prior year adjustment</i></b>	<b><i>-</i></b>	<b><i>9,345,500</i></b>	<b><i>-</i></b>	<b><i>9,345,500</i></b>
<i>surplus for the period</i>	<i>-</i>	<i>74,810,467</i>	<i>-</i>	<i>74,810,467</i>
<b><i>Balance as at 30 June 2024</i></b>	<b><i>100,000</i></b>	<b><i>311,694,287</i></b>	<b><i>223,237,227</i></b>	<b><i>535,031,514</i></b>
<b><i>Balance as at 1st July 2024</i></b>	<b><i>100,000</i></b>	<b><i>311,694,287</i></b>	<b><i>223,237,227</i></b>	<b><i>535,031,514</i></b>
<b><i>Prior year adjustment</i></b>	<b><i>-</i></b>	<b><i>5,741,342</i></b>	<b><i>-</i></b>	<b><i>5,741,342</i></b>
<i>surplus for the period</i>	<i>-</i>	<i>12,876,693</i>	<i>-</i>	<i>12,876,693</i>
<b><i>Balance as at 30 June 2025</i></b>	<b><i>100,000</i></b>	<b><i>330,312,323</i></b>	<b><i>223,237,227</i></b>	<b><i>553,649,550</i></b>

The prior year adjustment relates to water service regulatory board levy previously overstated in the financial statements.

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

<b>Cash Flows from Operating Activities</b>	<b>Note</b>	<b>2024/2025</b>	<b>2023/2024</b>
<b>Receipts</b>		<b>ksh</b>	<b>ksh</b>
Operating Revenue		1,077,584,918	958,784,887
Interest received from short term deposits		14,229,405	6,677,120
other collection- liquidation of performance bond		4,918,984	-
Grant -WSTF		-	16,500,000
Grant -County Government of Kiambu		12,726,790	10,132,940
Other collection		319,646	297,150
Customer Deposits collection		7,626,451	8,444,500
Customer deposits receipts from loan repayments		6,000,000	6,000,000
<b>Total Receipts</b>		<b>1,123,406,194</b>	<b>1,006,836,596</b>
<b>Payments</b>			
Staff Costs		376,306,965	322,230,058
Board Expenses		14,268,919	12,411,230
General and Operation Expenses		470,342,661	431,832,391
Maintenance		83,840,088	83,694,850
Refund of Customer Deposits		572,300	695,500
Tax payment		22,758,836	17,158,745
lease payment		4,876,398	4,433,088
Instalment tax payment		14,565,003	-
<b>Total Payments</b>		<b>987,531,170</b>	<b>872,455,863</b>
<b>Net Cash From/ (Used In) Operating Activities</b>	48	<b>135,875,024</b>	<b>134,380,734</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant and Equipment (PPE)	20	(108,152,561)	(100,020,733)
Acquisition of intangible assets		(2,261,003)	(1,366,822)
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>(110,413,564)</b>	<b>(101,387,555)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Borrowings	39	(6,000,000)	(6,000,000)
Proceeds from disposal of property		44,000	39,052
<b>Net Cash From/ (Used In) Financing Activities</b>		<b>(5,956,000)</b>	<b>(5,960,948)</b>
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>19,505,460</b>	<b>27,032,230</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>71,246,493</b>	<b>44,214,262</b>
<b>Cash and Cash Equivalents at End of The Year</b>		<b>90,751,953</b>	<b>71,246,493</b>

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

		Approved annual Budget	Adjustments	Approved supplementary budget	Actual on comparable basis	Performance difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c
	<b>REVENUE</b>	ksh	ksh	ksh	ksh	ksh	%
1	Billing Revenue-Water	769,238,000	(20,893,406)	748,344,594	747,300,712	(1,043,882)	100
2	Billing Revenue-Sewer	297,186,000	9,136,990	306,322,990	307,448,216	1,125,226	100
3	sewer connection charges	2,300,000	(374,000)	1,926,000	1,955,000	29,000	102
4	Water connection charges	4,200,000	(1,125,000)	3,075,000	2,977,500	(97,500)	97
5	Exhauster services	130,000	(4,000)	126,000	127,720	1,720	101
6	Reconnection fee	15,000,000	41,334,000	56,334,000	55,249,500	(1,084,500)	98
7	Penalties on illegal connection	-	9,876,000	9,876,000	9,865,000	(11,000)	100
8	Water bowser	4,000,000	1,380,151	5,380,151	5,386,695	6,544	100
9	Sundry income	2,000,000	3,453,493	5,453,493	4,918,984	(534,509)	90
10	Meter servicing	1,000,000	(986,800)	13,200	17,500	4,300	133
11	Other income	2,295,000	16,421,325	18,716,325	19,781,166	1,064,841	106
	<b>Sub-total</b>	<b>1,097,349,000</b>	<b>58,218,753</b>	<b>1,155,567,753</b>	<b>1,155,027,993</b>	<b>539,760</b>	<b>-</b>
12	WSTF	16,500,000	-	16,500,000	-	(16,500,000)	-
13	Grants	-	22,456,092	22,456,092	12,726,790	(9,729,302)	57
14	Decrease in provision for bad debts	-	-	-	7,574,463	7,574,463	-
15	Gain on disposal of asset	-	-	-	4,892	4,892	-
	<b>TOTAL REVENUE</b>	<b>1,113,849,000</b>	<b>80,674,845</b>	<b>1,194,523,845</b>	<b>1,175,334,139</b>	<b>19,189,706</b>	<b>98</b>
	<b>EXPENSES</b>						
16	General and operation expenses	442,939,000	44,926,937	487,865,937	612,843,258	124,977,321	126
17	Board Expenses	12,000,000	4,202,803	16,202,803	14,788,499	(1,414,305)	91
18	Staff Cost	375,580,000	(1,605,000)	373,975,000	369,690,953	(4,284,047)	99
19	Maintenance costs	106,550,000	70,250,000	176,800,000	99,246,179	(77,553,821)	56
20	Depreciation of property, plant and equipment	-	-	-	57,213,928	57,213,928	-

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21	Income tax credit/expense	-	-	-	5,518,583	5,518,583	-
22	Finance expense	-	-	-	3,156,046	3,156,046	-
	<b>Total recurrent expenditure</b>	<b>937,069,000</b>	<b>117,774,740</b>	<b>1,054,843,740</b>	<b>1,162,457,446</b>	<b>107,613,706</b>	<b>110</b>
	<b>Profit or Loss</b>	176,780,000	-	139,680,105	12,876,693	(126,803,412)	9
	<b>Capital expenditure</b>	173,078,000	(21,188,775)	151,889,225	110,413,564	41,475,661	73
	<b>Total expenditure</b>	<b>1,110,147,000</b>	<b>96,585,965</b>	<b>1,206,732,965</b>	<b>1,272,871,010</b>	<b>149,089,367</b>	<b>105</b>

**Note:**

- ❖ General and operations expenses surpassed the budget by 26% due to provision of bad debts – specific (Trade receivables) which is a non-monetary aspect.
- ❖ Maintenance costs were below the budget by 44% due to sewer treatment works maintenance on desludging which is ongoing.

## **19. 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.

The balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

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

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

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

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

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

<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 the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> <li>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.</li> </ul>	1 January 2026

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

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

**iii. Early adoption of standards**

*(The entity)* did not early – adopt any new or amended standards in year under review.

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

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

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

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

<b>Item</b>	<b>Years</b>	<b>Rates</b>
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 carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount.

**g) Investment property**

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

## **Summary of Accounting Policies**

### **h) Right of Use Asset**

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

### **i) Inventories**

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

N/B; The inventories are not held for resale.

### **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.

*No losses or write offs were done during the period. Provision on bad debts was made on specific receivables while for general, 15% of debts over 90days was made.*

## **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 utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date

### **Summary of Accounting Policies**

and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

#### **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.

#### **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 of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

**p) Trade and other payables**

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

**q) Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees. 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 is at 6% and capped at Ksh 2,160, effective February 2025 the capping reviewed upwards to Ksh 4,320-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.

**s) Budget information**

The original budget for FY 2024-2025 was approved by the Board of Directors in March 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 14 (Page 5&6) of these financial statements.

**t) 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.

**u) Comparative figures**

No amendments of reconfiguration have been done on the comparative figures for the previous financial year, hence No changes in presentation.

**v) Subsequent events**

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

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

**Summary of Accounting Policies**

**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.

*The grant received from WSTF in May 2024 was a capital grant and since execution of the said projects had not kicked by year end, the grant was treated as deferred income since it remained unearned.*

**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.

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

**Summary of Accounting Policies**

**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.

Provision for bad debt applicable rate is 15% for unpaid bill beyond 90days.

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

**6. Operating Revenue**

Description	2024/2025	2023/2024
	ksh	ksh
Water sales	747,300,712	715,131,412
Sewerage services	307,448,216	264,500,659
Billing for other services	75,578,915	22,654,780
<b>Total</b>	<b>1,130,327,844</b>	<b>1,002,286,851</b>

*Billing for other services refers to income generated from services such as reconnection fees, surcharge for illegal consumption, water and sewer connection charges, meter servicing, exhauster services etc.*

**7. Grants Income**

Description	2024/2025	2023/2024
	ksh	ksh
Grant from County Governments	12,726,790	10,132,940
<b>Total</b>	<b>12,726,790</b>	<b>10,132,940</b>

The grant from the county Government of Kiambu was for execution of delegated assignments i.e. Beautification of Mama Ngina Garden, rehabilitation of Kiandutu drainage system, rehabilitation of Witeithie drainage system, rehabilitation of Ngoingwa drainage system and rehabilitation of Kamenu drainage system.

**Detailed analysis of grants received from the Government.**

Name of the entity sending grant	Amount recognized in the statement of comprehensive income ksh	amount deferred under deferred income ksh	amount recognized in capital fund ksh	Total grant income during the year	2024-2025 ksh
Grants from county government of Kiambu	12,726,790	-	-	12,726,790	12,726,790
<b>Total</b>	<b>12,726,790</b>	<b>-</b>	<b>-</b>	<b>12,726,790</b>	<b>12,726,790</b>

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

**8. Other Income**

Description	2024/2025	2023/2024
	ksh	ksh
Other miscellaneous income	4,190,331	3,513,599
Receipts from Performance bond liquidation	4,918,984	-
Decrease in provision for bad debts	7,574,463	-
<b>Total</b>	<b>16,683,778</b>	<b>3,513,599</b>

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

*Liquidation of performance bond was as a result of contractors failing to fulfil their contractual obligations.*

**9. Finance Income**

Description	2024/2025	2023/2024
	ksh	ksh
Interest on short term deposits	14,229,405	6,677,120
Interest receivable	1,361,430	308,214
<b>Total</b>	<b>15,590,835</b>	<b>6,985,333</b>

*Interests from commercial banks represents maturity of fixed deposit account of Ksh 70m & Ksh 20m held Equity and Diamond Trust bank respectively, and interest receivable from Family & Diamond Trust bank.*

**10. Other Gains and Losses**

Description	2024/2025	2023/2024
	ksh	ksh
Gain on disposal of fixed assets	4,892	26,935
<b>Total</b>	<b>4,892</b>	<b>26,935</b>

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

**11. Staff Costs**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Gross Salary and allowances	261,102,002	241,863,517
Casual wages and interns	12,398,840	5,276,924
Gratuity	20,105,682	12,407,255
N.S.S.F Employers contribution	8,731,424	4,918,959
Pension Employers contribution	16,084,066	16,971,572
House Levy - Employer contribution	4,137,037	3,005,633
Overtime Allowance	6,225,316	5,327,397
NITA levy	168,700	173,600
Staff welfare	684,932	916,893
Medical expenses	27,981,455	27,565,421
Terminal dues	5,456,220	-
Performance bonus	6,615,280	7,100,614
<b>Total staff cost</b>	<b>369,690,953</b>	<b>325,527,784</b>
The average No. of employees during the year:	<b>Number</b>	<b>Number</b>
Permanent employees-Management	40	39
Permanent employees-Unionisable	157	161
Temporary & contracted employees	75	76

*The change in No. of employees is as a result of natural attrition.*

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

**12. General and Operations Expenses**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Electricity	169,771,508	185,561,834
Chemicals	37,890,160	38,560,609
Genset fuel	3,935,006	-
Fuel, oil, lubricants and gases	14,232,669	13,119,332
Office rent	1,311,949	1,201,408
Publishing, Printing and Stationery	6,072,950	4,126,280
Postal, bulk SMS, Telephone & Internet Expenses	12,218,239	11,741,757
Workshop and conferences	8,470,121	9,005,564
Legal and Professional fees	12,224,471	13,225,237
Publicity Expenses & Advertising	1,996,014	999,531
Staff Training and Development Expenses	18,614,742	27,560,501
Staff team building activities	10,894,046	2,866,200
Terminal dues	-	1,934,882
Licences renewals	8,466,294	6,488,844
Abstraction fees to WRA	12,813,896	7,525,656
Regulatory fee to WASREB	44,559,691	40,277,702
Standards levy (KEBS)	226,822	201,389
Insurances	8,255,018	7,163,324
Travelling and Accommodation -Domestic	11,125,433	10,481,480
Travelling and Accommodation -Foreign	2,887,275	2,171,823
Travel expenses-Mileage	1,041,203	170,854
Bank Charges & commission	2,799,420	604,916

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

Security Services	17,004,469	15,975,997
Programs (OSHA, HIV, ISO, ERM)	1,627,202	1,682,000
Uniform & protective clothing	5,879,101	5,988,678
Telephone IPBX (Desktop wireless)	-	226,652
Audit fees	475,730	475,730
Subscription fees	1,204,029	726,055
Corporate Social Investment	758,971	2,596,019
Environment conservation	2,926,469	4,878,117
Taxation	3,435,440	-
Pro-Poor	240,450	607,720
Office General expenditure and Cleaning	8,286,893	6,158,701
Stake holders' expenses(external)	3,506,040	4,384,348
Annual internal stake holders meeting	2,684,897	2,500,085
Annual General meeting	40,300	226,000
Sports-WASCO	6,580,141	5,107,334
Others sports events	820,800	861,700
Branding of company properties	1,071,428	701,400
Registration of THIWASCO properties	90,000	-
Digitization and data integration	464,000	-
Documentary website	890,880	-
Beatification of Mama Ngina garden	331,997	-
Kiandutu drainage	2,780,031	-
Witeithie drainage	5,271,131	-
Ngoingwa drainage	4,232,877	-
Kamenu drainage	4,593,870	-
Water testing (sampling) analysis	123,614	-
Provision for doubtful debts.	-	9,544,131
provision for bad debts-Specific	147,715,574	166,680
<b>Total general and operations Expenses</b>	<b>612,843,258</b>	<b>447,796,471</b>

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

**13. Board Expenses**

Description	2024/2025	2023/2024
	ksh	ksh
Chairman honoraria	960,000	960,000
Board Allowances & expenses	12,458,879	9,943,272
Medical expenses	1,369,620	1,374,958
<b>Total Board Expenses</b>	<b>14,788,499</b>	<b>12,278,230</b>

**14. Maintenance Expenses**

Description	2024/2025	2023/2024
	ksh	ksh
Computer maintenance, repair & Accessories	1,125,805	1,796,106
Maintenance of sewer treatment works- Desludging Ponds	3,413,160	9,596,666
IP Cctv systems & Maintenance	516,963	280,098
Telephone IPBX (Desktop wireless)	104,153	-
Building & stations	7,608,703	9,138,582
Motor vehicle Operating Expenses	15,935,792	9,875,117
Water meters & Accessories	19,656,872	12,913,717
Tools & equipment	8,968,331	7,496,689
Infrastructural networks	11,826,722	9,600,639
Water testing (sampling) analysis	-	671,021
Plant and Equipment's	13,405,383	19,816,870
Backwashing	16,684,295	-
Beautification of Mama Ngina garden	-	5,767,299
Kiandutu drainage	-	5,969,575
<b>Total maintenance Expenses</b>	<b>99,246,179</b>	<b>92,922,380</b>

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

**15. Depreciation and Amortization Expenses**

Description	2024/2025	2023/2024
	ksh	ksh
Property, plant and equipment	52,382,264	52,212,412
Right of use assets	3,529,165	3,529,165
Intangible assets	1,302,499	934,723
<b>Total Depreciation and Amortization</b>	<b>57,213,928</b>	<b>56,676,300</b>

**16. Finance costs**

Description	2024/2025	2023/2024
	ksh	ksh
Interest on lease liabilities	3,156,046	3,294,528
<b>Total</b>	<b>3,156,046</b>	<b>3,294,528</b>

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

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

Description	2024/2025	2023/2024
	ksh	ksh
Current taxation based on the adjusted profit for the year at 30%	5,518,583	32,061,629
<b>Total</b>	<b>5,518,583</b>	<b>32,061,629</b>

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

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

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

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Profit before taxation	18,395,276	106,872,096
Tax at the applicable tax rate of 30%	5,518,583	32,061,629
<b>Total</b>	<b>5,518,583</b>	<b>32,061,629</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 dividends within the reporting period.

Thika Water Sewerage Company Ltd  
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20. Property, Plant and Equipment

PARTICULARS	LAND	BUILDINGS	PLANT & EQUIPMENTS	FURNITURE & FITTINGS	MOTOR VEHICLES /BIKES	OFFICE EQUIPMENT	Intangible asset	BORE HOLE	METER READING DEVICES	WATER METERS-DMA's	WATER & SEWERAGE INFRASTRUCTURE	CAPITAL WORK IN PROGRESS	TOTALS
BAL B/F: 1.7.2023	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	529,480,566
ADDITIONS FOR THE YEAR:	-	-	327,700	1,660,002	414,000	1,991,216		-	-	-	-	95,627,815	100,020,733
DISPOSAL	-	-	-	-	-	(93,960)		-	-	-	-	-	(93,960)
TOTAL COST JUNE 2024	28,596,000	11,358,716	42,626,731	17,085,708	60,761,414	34,273,231		20,746,370	349,200	3,400,499	277,371,951	132,837,519	629,407,339
DEPRECIATION													-
AT 1ST JULY 2023	-	824,478	19,550,250	6,381,124	34,062,555	24,968,169		7,117,161	289,601	425,062	41,959,340	-	135,577,740
CHARGE FOR THE YEAR:	-	263,356	2,977,064	1,281,161	7,724,533	3,425,570		340,730	14,878	425,062	13,337,927	-	29,790,281
DISPOSAL	-	-	-	-	-	(81,843)		-	-	-	-	-	(81,843)
AS AT 30th JUNE 2024	-	1,087,834	22,527,314	7,662,285	41,787,088	28,311,896		7,457,891	304,479	850,124	55,297,267	-	165,286,178
NET BOOK VALUE AS AT 30TH JUNE 2024	28,596,000	10,270,882	20,099,417	9,423,423	18,974,326	5,961,335		13,288,479	44,721	2,550,375	222,074,685	132,837,519	464,121,161
BAL B/F: 1.7.2024	28,596,000	11,358,716	42,626,731	17,085,708	60,761,414	34,273,231		20,746,370	349,200	3,400,499	277,371,951	132,837,519	629,407,339
ADDITIONS FOR THE YEAR:	-	530,550	579,800	1,689,700	3,190,000	3,588,240		-	-	-	-	98,574,272	108,152,561
TRANSFER TO ASSET	-	-	-	-	-	-	1,473,294	-	-	-	63,315,213	(64,788,507)	-
DISPOSAL/TRANSFER	-	-	-	-	-	(208,960)	(1,473,294)	-	-	-	-	-	(1,682,254)
TOTAL COST	28,596,000	11,889,266	43,206,531	18,775,408	63,951,414	37,652,511	-	20,746,370	349,200	3,400,499	340,687,164	166,623,284	735,877,646
DEPRECIATION													
AT 1ST JULY 2024	-	1,087,834	22,527,314	7,662,285	41,787,088	28,311,896	-	7,457,891	304,479	850,124	55,297,266	-	165,286,177
CHARGE FOR THE YEAR:	-	314,790	2,426,940	1,401,083	7,666,594	4,097,282	-	332,212	11,158	425,062	35,707,142	-	52,382,264
DISPOSAL	-	-	-	-	-	(169,852)	-	-	-	-	-	-	(169,852)
AS AT 30th JUNE 2025	-	1,402,624	24,954,254	9,063,368	49,453,682	32,239,326	-	7,790,103	315,637	1,275,186	91,004,408	-	217,498,589
NET BOOK VALUE AS AT 30TH JUNE 2025	28,596,000	10,486,641	18,252,277	9,712,040	14,497,732	5,413,185	-	12,956,267	33,563	2,125,313	249,682,756	166,623,284	518,379,057

Notes:

- *Capital works in progress includes:*
- *Construction of office block at water supply*
- *Water expansion projects at Witeithie, Ngoingwa & Kianjau*
- *Upgrading of water treatment plant*
- *Construction of additional sewer laterals at Kiganjo & Witeithie*
- *Upgrading of Kenya tanning Biafra mainline*
- *Borehole equipping & construction of steel tank*

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

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

<b>LAND PARCELS</b>									
<b>Item No.</b>	<b>Project Name</b>	<b>County Name</b>	<b>Name of Parcel</b>	<b>Title No.</b>	<b>Date of Title Issuance</b>	<b>Land Reference No.</b>	<b>Land Size (Ha)</b>	<b>Current Registered Owner</b>	<b>Current Status</b>
1.	Water Treatment Site LR. NO. 11151	Kiambu	Water Treatment Site LR. NO. 11151	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 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 16M3. The plot set aside for the tank measures 20ft by 30ft.

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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 48M3.
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 36M3, 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 448M3

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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 192M3 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.	Witeithie Reservoir	Kiambu	Witeithie 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

**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:

Description	COST	Accumulated Depreciation	NBV
	ksh	ksh	ksh
Land	28,596,000	-	28,596,000
Buildings	11,889,266	1,402,624	10,486,641
Plant and machinery	43,206,531	24,954,254	18,252,277
Motor vehicles, Including motorcycles	63,951,414	49,453,682	14,497,732
Computer and related equipment	37,652,511	32,239,326	5,413,185
office equipment, furniture, and fittings	18,775,408	9,063,368	9,712,040
Bore Hole	20,746,370	7,790,103	12,956,267
Water and Sewer Infrastructure	340,687,164	91,004,408	249,682,756
Meter reading devices	349,200	315,637	33,563
Water meters-DMAs	3,400,499	1,275,186	2,125,313
Works in progress	166,623,284	-	166,623,284
<b>TOTAL</b>	<b>735,877,646</b>	<b>217,498,589</b>	<b>518,379,057</b>

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

	Cost or valuation	Depreciation charge
	ksh	ksh
Computers and related equipment	5,546,218	1,386,554
Office equipment, furniture and fittings	-	-
<b>Total</b>	<b>5,546,218</b>	<b>1,386,554</b>

**21. Intangible Assets**

Description	2024/2025	2023/2024
<b>COST</b>	<b>ksh</b>	<b>ksh</b>
<b>At July 1</b>	15,965,109	14,598,287
Additions	2,261,003	1,366,822
Disposals	-	-
<b>At June 30</b>	<b>18,226,112</b>	<b>15,965,109</b>
<b>AMORTISATION</b>		
<b>At July 1</b>	13,752,178	12,817,455
Charge for the year	1,302,499	934,723
Disposals	-	-
<b>At June 30</b>	<b>15,054,676</b>	<b>13,752,178</b>
<b>NET BOOK VALUE</b>		
<b>At June 30</b>	<b>3,171,435</b>	<b>2,212,931</b>

*This includes LAN Infrastructure, billing software, e-board system and Asset management software*

**22. Investment Property**

The company did not hold investment property as per IAS 40

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

<b>COST</b>	<b>ksh</b>
<b>Cost b/f as at 1 July 2024</b>	34,115,720
<b>As at 30th June 2025</b>	<b>34,115,720</b>
<b>Accumulated Depreciation</b>	
<b>As at 1 July 2024</b>	9,117,671
Charge for the year June 2025	3,529,165
<b>As at 30th June 2025</b>	<b>12,646,836</b>
<b>Carrying Amount As at 30th June 2025</b>	<b>21,468,884</b>

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

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

**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.

**28. Inventories**

Description	2024/2025	2023/2024
	ksh	ksh
Water Meters	8,262,237	10,933,275
Pipe And fittings	33,976,732	20,707,725
Chemicals	4,362,198	1,712,216
Stationery and other consumables	3,215,604	3,093,984
<b>TOTAL</b>	<b>49,816,771</b>	<b>36,447,200</b>

Included in the inventory are;

- i. water meters donated by the defunct Athi water Services Board years back which are non-functional.
- ii. Water inventory as at 30<sup>th</sup> June 2025 was estimated at 9,894.6m<sup>3</sup> valued at Ksh 582,297.21

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

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

**29. Trade and Other Receivables**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Trade receivables (29a)	418,135,676	501,976,491
Deposits and Prepayments	20,113,146	20,409,775
Billing services-WSPs	10,792,225	10,792,225
Staff receivable (note 29c)	6,522,734	5,473,471
Share capital (County govt of. Kiambu)	100,000	100,000
Interest receivable	1,366,568	308,214
Staff debtors	4,773,974	4,773,974
<b>Gross trade and other receivables</b>	<b>461,804,323</b>	<b>543,834,150</b>
Provision for bad and doubtful receivable-staff debtors	(4,773,974)	(4,773,974)
Provision for bad and doubtful receivable-staff debtors	-	-
<b>Net trade and other receivables</b>	<b>457,030,349</b>	<b>539,060,176</b>

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

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

**29. (a) Trade Receivables**

Description	2024/2025	2023/2024
	ksh	ksh
Gross trade receivables	496,058,278	587,473,556
Provision for doubtful receivables	(77,922,602)	(85,497,065)
<b>Net trade receivables</b>	<b>418,135,676</b>	<b>501,976,491</b>
The aging analysis of the gross trade receivables was as follows		
Less than 30 days	10,871,019	8,641,234
Between 31 and 60 days	-6,422,808	3,380,752
Between 61 and 90 days	-	5,471,135
Between 91+ days	491,610,069	569,980,436
<b>Total</b>	<b>496,058,278</b>	<b>587,473,556</b>

*N/B; The reported gross receivables is net of specific receivables of Ksh. 147,715,574 disclosed on the statement of comprehensive income.*

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

Description	2024/2025	2023/2024
	ksh	ksh
At the beginning of the year	85,497,065	75,952,934
Additional provisions during the year	(7,574,463)	9,544,131
Specific provisions	147,715,574	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	<b>225,638,175</b>	<b>85,497,065</b>

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

**29. (c) Staff Receivables**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Gross staff advances	6,522,734	5,473,471
Provision for impairment loss	0	0
Net staff advances	6,522,734	5,473,471
Less: Amounts due within one year	6,522,734	5,473,471
Amounts due after one year	0	0

**30. Tax Recoverable**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
<b>At beginning of the year</b>		
Vat recoverable	11,452,035	11,452,035
Over provision in prior year/s	-	-
Income tax paid during the year	-	-
<b>At end of the year</b>	<b>11,452,035</b>	<b>11,452,035</b>

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

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

**31. Short Term Deposits**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Bank guarantee-Family bank	5,500,000	5,500,000
Fixed Deposit Account-Family bank	70,000,000	70,000,000
Fixed Deposit Account-DTB Bank	40,000,000	20,000,000
<b>Total deposits</b>	<b>115,500,000</b>	<b>95,500,000</b>

The company held a short-term deposit with Family Bank (Collateral) placed under performance bond IFO WASREB in respect to operating licence.

The company placed FDA with Family and Diamond Trust bank.

**32. Prepayments**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Instalment Tax	14,565,003	-
Insurance	-	-
Rent	-	-
<b>Total</b>	<b>14,565,003</b>	<b>-</b>

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

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

**33. Bank and Cash Balances**

Description	2024/2025	2023/2024
	ksh	ksh
Cash at bank	90,542,834	70,503,584
Cash in hand	1,208	108,865
Mobile money account	207,911	634,044
<b>Total</b>	<b>90,751,953</b>	<b>71,246,493</b>

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

Financial Institution		2024/2025	2023/2024
a) Current account	Account No:	ksh	ksh
Equity Bank - Operations account	0090295185223	7,384,941	(3,710,998)
Equity Bank - Collection account	0090294392028	23,020,860	36,924,540
Co-operative bank-Deposit account	01136278498000	4,105,964	10,973,488
Co-operative bank- Collection account	01192278498001	5,766,498	1,558,982
Family Bank-Collection account	032000010760	9,503,410	1,074,732
Family Bank-CLSG	005000069152	16,500,000	16,500,000
Diamond Trust bank - Collection account	0872657001	3,725,592	968,733
Sidian bank	01012710003732	12,725,570	5,132,440
Family Bank-Escroll account	005000082848	7,809,999	1,081,666
<b>Sub-total</b>		<b>90,542,834</b>	<b>70,503,584</b>
<b>b) Others</b>			
Mobile money account	M-pesa account	207,911	634,044
Cash in hand	Cash box	1,208	108,865
<b>Sub-total</b>		<b>209,119</b>	<b>742,909</b>
<b>Grand total</b>		<b>90,751,953</b>	<b>71,246,493</b>

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

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

**34. Ordinary Share Capital**

Description	2024/2025	2023/2024
Description	ksh	ksh
<b>Authorized:</b>		
5000 ordinary shares of ksh 20 par value each	100,000	100,000
<b>Issued and fully paid:</b>	<b>0</b>	<b>0</b>

**35. Revaluation Reserve**

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

**36. Fair Value Adjustment Reserve**

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

**37. Retained Earnings**

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

Description	2024/2025	2023/2024
	ksh	ksh
Working capital	223,237,227	223,237,227
General reserve	12,876,693	74,810,467
Accumulated funds	317,435,629	236,883,820
<b>Total</b>	<b>553,549,550</b>	<b>534,931,514</b>

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

**38. Deferred Tax Liability**

The company did not recognize any deferred tax liability.

**39. Borrowings**

Description	2024/2025	2023/2024
<b>a) Domestic Borrowing</b>	<b>ksh</b>	<b>ksh</b>
Balance at beginning of the year	6,875,000	12,875,000
Repayments during the period	(6,000,000)	(6,000,000)
<b>Balance at the end of period</b>	<b>875,000</b>	<b>6,875,000</b>

The analyses of the domestic borrowings are as follows:

The analysis of Domestic borrowings	2024/2025	2023/2024
	<b>ksh</b>	<b>ksh</b>
Kenya shilling loan from co-op bank internal	875,000	6,875,000
<b>Total</b>	<b>875,000</b>	<b>6,875,000</b>

Description	2024/2025	2023/2024
	<b>ksh</b>	<b>ksh</b>
<b>Long term borrowings</b>	<b>875,000</b>	<b>6,875,000</b>
<b>Total</b>	<b>875,000</b>	<b>6,875,000</b>

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

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

**40. Lease Liability**

Description	2024/2025	2023/2024
	ksh	ksh
<b>At the start of the year</b>	32,631,060	33,769,621
Addition during the year	-	-
Discount interest on lease liability	3,156,046	3,294,528
Paid during the year	(4,876,398)	(4,433,088)
<b>At the end of the year</b>	<b>30,910,708</b>	<b>32,631,060</b>

Description	2024/2025	2023/2024
	ksh	ksh
<b>Maturity analysis</b>		
Year 1	3,745,644	3,745,644
Year 2	4,433,089	4,433,089
Year 3	4,876,398	4,876,398
Year 4	5,364,038	5,364,038
Year 5	5,900,441	5,900,441
On wards	30793027	30793027
	<b>55,112,637</b>	<b>55,112,637</b>
Less: unearned interest	(11,614,634)	(14,770,681)
	43,498,003	40,341,956
Analysed as:		
<b>Non-Current</b>	<b>25,078,834</b>	<b>27,286,825</b>
<b>Current</b>	<b>5,364,038</b>	<b>4,876,398</b>

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

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

**41. Provisions**

<b>Description</b>	<b>Provision for audit fee</b>	<b>Service pay</b>	<b>Total</b>
	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>
Balance at the beginning of the year	475,730	53,303,068	53,778,798
Additional Provisions	475,730	-	475,730
Provision utilised	(475,730)	(1,352,244)	(1,827,974)
Less: Current portion	-	-	-
<b>Balance at the end of the period</b>	<b>475,730</b>	<b>51,950,824</b>	<b>52,426,554</b>

**Provisions details**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Current portion of provision	475,730	475,730
Long -term portion of provisions	51,950,824	53,303,068
<b>Total</b>	<b>52,426,554</b>	<b>53,778,798</b>

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

**42. Retirement Benefit Obligations**

**Retirement benefit Asset/ Liability**

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6 % per employee per month capped at Ksh 4,320.

Other than NSSF the Thika Water also has a defined contribution scheme operated by for (Lapfund & CPF) Employees contribute 12% while employers contribute 15% of basic salary and house allowance. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred. In addition, service pay is accrued/payable for 15days for every successful year worked as enshrined on the Human resource manual.

**43. Trade and Other Payables**

Description	2024/2025	2023/2024
	ksh	ksh
Long out-standing Accrued Payables	218,014,348	218,014,348
<b>TOTAL</b>	<b>218,014,348</b>	<b>218,014,348</b>

Description	2024/2025	2023/2024
	ksh	ksh
Trade payables	126,273,272	87,581,255
Revenue received in advance	-	18,338,519
Employee payables	20,606,767	22,517,113
Other payables	87,280,274	91,735,838
<b>TOTAL</b>	<b>234,160,312</b>	<b>220,172,726</b>

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

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

**Aging Analysis for Trade and other Payables**

	<b>2024/2025</b>	<b>% of the total</b>	<b>2023/2024</b>	<b>% of the total</b>
	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>
Under one year	162,699,140	36%	169,043,704	39%
1-2 years	7,534,941	2%	45,329,835	10%
2-3 years	63,926,231	14%	375,600	0%
Over 3 years	218,014,348	48%	223,437,936	51%
<b>Total</b>	<b>452,174,660</b>	<b>100%</b>	<b>438,187,075</b>	<b>100%</b>

**44. Refundable Deposits and Prepayments**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Customer water deposit	143,027,122	129,972,971
Rent deposit	45,000	-
Prepayments by customers	17,705,510	-
<b>Total</b>	<b>160,777,632</b>	<b>129,972,971</b>

**Aging Analysis for Refundable Deposits and Prepayments**

	<b>2024/2025</b>		<b>2023/2024</b>	<b>% of the total</b>
	<b>ksh</b>	<b>% of the total</b>	<b>ksh</b>	
Under one year	25,390,961	16%	8,444,500	6%
1-2 years	8,444,500	5%	20,824,471	16%
2-3 years	20,824,471	13%	28,566,000	22%
Over 3 years	106,117,700	66%	72,138,000	56%
<b>Total</b>	<b>160,777,632</b>	<b>100%</b>	<b>129,972,971</b>	<b>100%</b>

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

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

**45. Deferred Income**

Description	2024/2025	2023/2024
	ksh	ksh
Water Services Trust Fund	16,500,000	16,500,000
<b>Total deferred income</b>	<b>16,500,000</b>	<b>16,500,000</b>

The deferred income movement is as follows:

	County government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	16,500,000	16,500,000
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>	<b>16,500,000</b>	<b>16,500,000</b>

**46. Dividends Payable**

The Company did not declare dividend during the reporting period

**47. Taxation**

Description	2024/2025	2023/2024
	ksh	ksh
At beginning of the year	32,061,629	21,197,400
Income tax charge for the year	5,518,583	32,061,629
Provisions adjustment	-	(4,038,655)
Income tax paid during the year	(22,758,836)	(17,158,745)
<b>At end of the year</b>	<b>14,821,376</b>	<b>32,061,629</b>

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

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

**48. Notes to the Statement of Cash Flows**

	<b>2024/2025</b>	<b>2023/2024</b>
<b>(a) Reconciliation of operating profit/(loss) to cash generated from / (used in) operation</b>	<b>ksh</b>	<b>ksh</b>
<b>Operating profit/(loss)</b>	<b>12,876,693</b>	<b>74,810,467</b>
Depreciation	55,911,429	33,319,446
Amortization	1,302,499	934,723
Prior year adjustment	5,741,342	9,345,500
Depreciation on disposal	(251,695)	-
Gain on sale of asset	4,892	(26,935)
<b>Operating profit/(loss) before working capital changes</b>	<b>75,585,161</b>	<b>118,383,201</b>
(Increase)/decrease in inventories	(13,369,571)	(10,474,989)
(Increase)/decrease in trade and other receivables	82,029,827	(39,920,833)
Increase/(decrease) in trade and other payables	13,982,447	49,644,582
Increase in deposits and prepayments	30,804,661	13,749,000
(Increase)/decrease in deposits and prepayments	(20,000,000)	(20,000,000)
Increase/(decrease) in provisions for payables	(1,352,244)	(3,225,927)
Income Tax payment	(17,240,253)	10,864,450
prepayments	(14,565,003)	-
lease payment		(1,138,560)
Deferred income	-	16,500,000
<b>Cash generated from/(used in) operations</b>	<b>135,875,024</b>	<b>134,380,924</b>

**Other Disclosures**

**49. 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 xxx has provided full guarantees to all long-term lenders of the Company, both domestic and external.

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

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

Other related parties include:

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

**Transactions with related parties**

Description	2024/2025	2023/2024
	ksh	ksh
Water sales to Govt. agencies	17,191,004	19,917,095
Interest income from Govt Commercial Banks	-	-
<b>Total</b>	<b>17,191,004</b>	<b>19,917,095</b>
<b>b) Purchases from related parties</b>		
Purchase of electricity from KPLC	169,771,508	185,561,834
<b>b) Grants from the Government</b>		
Grants from WSTF		16,500,000
Grant from County Government	12,726,790	10,132,940
Donations in kind-WASFIN	-	-
<b>Total</b>	<b>12,726,790</b>	<b>26,632,940</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for Seconded employees	340,981	519,817
Expenses incurred in relation to regulatory levy	44,559,691	40,277,702
Expenses incurred in relation to Abstraction levy	12,813,896	7,525,656
<b>Total</b>	<b>57,714,568</b>	<b>48,323,174.71</b>
<b>d) Key management compensation</b>		
Directors' emoluments	14,788,499	12,278,230
Compensation to key management	46,129,155	45,081,008
<b>Total</b>	<b>60,917,654</b>	<b>57,359,238</b>

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

**50. Capital Commitments**

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

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Amounts authorised and contracted for	151,889,225.00	148,847,000
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	(98,574,272)	(95,627,815)
<b>Total</b>	<b>60,092,154</b>	<b>53,219,185</b>

**51. Contingent Assets and Liabilities**

**Contingent Assets**

There were no contingent assets during the year

**Contingent Liabilities**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Court case against the entity arising from KRA audit	57,710,864	57,710,864
Interests and penalties from KRA on annual returns	-	3,435,440
<b>Total</b>	<b>57,710,864</b>	<b>61,146,304</b>

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

**52. Financial Risk Management**

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does

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

not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below.

**(i) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due but not Impaired</b>	<b>Past due and Impaired</b>
	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>
<b>At 30 June 2025</b>				
Receivables	496,058,278	496,058,278		-
Bank balances	90,751,953	90,751,953		
<b>Total</b>	<b>586,810,231</b>	<b>586,810,231</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2024 (previous Year)</b>				
Receivables	587,473,556	471,752,866		115,720,690.00
Bank balances	71,246,493	71,246,493		
<b>Total</b>	<b>658,720,049</b>	<b>542,999,359</b>	<b>-</b>	<b>115,720,690</b>

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

***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.

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due but not Impaired</b>	<b>Past due and Impaired</b>
	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>
<b>At 30 June 2025</b>				
Receivables	496,058,278	496,058,278		-
Bank balances	90,751,953	90,751,953		
<b>Total</b>	<b>586,810,231</b>	<b>586,810,231</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2024 (previous Year)</b>				
Receivables	587,473,556	471,752,866		115,720,690.00
Bank balances	71,246,493	71,246,493		
<b>Total</b>	<b>658,720,049</b>	<b>542,999,359</b>	<b>-</b>	<b>115,720,690</b>

**ii) Liquidity risk management**

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

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

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

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
<b>At 30 June 2025</b>	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>	<b>ksh</b>
Trade payables	31,937,418	9,574,170	85,139,548	126,651,135
Current portion of borrowings	-	875,000	-	875,000
Provisions	-	-	52,426,554	52,426,554
Water Creditors	17,705,509	-	-	17,705,510
Employee benefit obligation	20,606,767	-	-	20,606,767
Owings to related parties -Non-current		-	218,014,348	218,014,348
<b>Total</b>	<b>70,249,694</b>	<b>10,449,170</b>	<b>355,580,450</b>	<b>436,279,313</b>
<b>At 30 June 2024</b>				
Trade payables	25483209	20,833,424.00	41,264,623	87,581,256
Current portion of borrowings	0	875,000	-	875,000
Provisions	0	-	53,778,798	53,778,798
Water Creditors	0	18,338,519	-	18,338,519
Employee benefit obligation	22,517,113	-	-	22,517,113
Owings to related parties -Non-current		-	218,014,348	218,014,348
<b>Total</b>	<b>48,000,322</b>	<b>40,046,943</b>	<b>313,057,769</b>	<b>401,105,034</b>

**(iii) Market risk (*Tailor as appropriate*)**

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.

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

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

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

**a) Foreign currency risk**

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

The Company did not conduct business in foreign denomination within the reporting period.

**b) Foreign currency sensitivity analysis**

The Company did not conduct business in foreign denomination within the reporting period.

**c) Interest rate risk**

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

**i) Management of interest rate risk**

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

**ii) Sensitivity analysis**

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

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

**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.

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 2025</b>	<b>Level 1 Ksh</b>	<b>Level 2 Ksh</b>	<b>Level 3 Ksh</b>	<b>Total Ksh</b>
<b>Non- financial Assets</b>				
Investment property	-	-	-	-
Land and buildings	28,596,000	-	-	28,596,000
<b>At 30 June 2024</b>				
<b>Non- financial Assets</b>				
Investment property	-	-	-	-
Land and buildings	<b>28,596,000</b>	-	-	<b>28,596,000</b>

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

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

***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.

**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>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>ksh</b>	<b>ksh</b>
Retained earnings	330,312,323	311,694,287
Capital reserve	223,237,227	223,237,227
<b>Total funds</b>	<b>553,549,550</b>	<b>534,931,514</b>
Less: cash and bank balances	90,751,953	71,246,493
<b>Retained earnings</b>	<b>330,312,323</b>	<b>311,694,287</b>
<b>Capital reserve</b>	<b>223,237,227</b>	<b>223,237,227</b>

**53. Incorporation**

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

**54. Events After the Reporting Period**

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

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**20. Appendices**

**Appendix 1: progress on follow up of auditor recommendations.**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
<p><b>Unsupported and Outstanding Accrued Payables</b></p>	<p>The statement of financial position reflects long-term outstanding payables balance of Kshs. 218,014,348 as disclosed in Note 42 to the financial statements. The balance constitutes long outstanding other payables to defunct Municipal Council of Thika of Kshs.48,502,827 and to defunct Athi Water Services Board of Kshs.169,511,521. However, the balances were not supported with documents detailing their nature and Management did not explain why they have been outstanding for several years. Further, aging analysis of both long-term and current liabilities indicates that a total amount of Kshs.223,437,936 has been outstanding for over 3 years while the long-term liability reported balance is Kshs.218,014,348 resulting in an unreconciled variance of Kshs.5,423,588.</p> <p>In the circumstances, the accuracy and completeness of the long-term liability balance of Kshs.218,014,348 could not be confirmed.</p>	<p><i>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.</i></p> <p><i>Annex 1.1: Letter to County Government Kiambu.</i></p> <p><i>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.</i></p> <p><i>THIWASCO on its part has historically undertaken continuous maintenance of these assets on the understanding that AWSB, the previous operator, would reimburse them for this expenditure.</i></p>	<p>WIP</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>Having developed the infrastructure on behalf of AWSB, THIWASCO proposed through a letter to offset the administrative fees against development expenditure over the years.</i></p> <p><i>Annex 1.2: Letter to AWWDA</i></p> <p><i>In response, the AWWDA declined this proposal through a letter as attached.</i></p> <p><i>Annex 1.3: Letter from AWWDA.</i></p> <p><i>The company intends to further engage AWWDA on this matter.</i></p> <p><i>The variance of Kshs.5,423,588 did not form part of the accrued services, instead it comprises of unsettled invoices for services rendered some being unclaimed retention monies.</i></p> <p><i>Annex 1.4: Creditors aging analysis over 3years and sampled invoices;</i></p> <ul style="list-style-type: none"> <li>▪ <i>Rama Engineering Ksh. 386,970.05</i></li> <li>▪ <i>Sengerama Ksh. 2,302,172.24</i></li> <li>▪ <i>Zila Ksh. 495,371.74</i></li> <li>▪ <i>The Grill lounge Ksh. 250,913.80</i></li> <li>▪ <i>Rocky Ksh. 29,310.34</i></li> </ul>		
<p><b>Unsupported Trade and Other Receivables</b></p>	<p>The statement of financial position reflects net trade and other receivables balance of Kshs.539,060,176 as disclosed in Note 29 to the financial statements. Included in the balance is Kshs10,792,225 in respect of billing services to water service providers (WSP) whose details were not provided for</p>	<p><i>The company has a Credit Control Policy that is currently under active implementation. In line with this policy, demand letters have been issued to customers with outstanding debts. We acknowledge that some balances have remained outstanding for over 91 days, but proactive</i></p>	<p>Continu ous</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>audit. Further, the trade receivables aging analysis reflects a balance of Kshs.570,602,202 which remained uncollected for over ninety-one (91) days.</p> <p>In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.570,602,202 could not be confirmed.</p>	<p><i>measures are taken into to recover these debts. See attached policy.</i></p> <p><i>In addition to sending demand letters, we have engaged legal services to rigorously follow up on the outstanding amounts. Our Credit Control team is also actively disconnecting unpaid accounts and sending reminders to ensure prompt payment. We also accept part payment agreements to reduce debts, this is entrenched on the credit control policy. See a sample agreement, and demand letters.</i></p> <p><i>We have also introduced a new technique of disconnecting sewer services using sewer plugs on accounts with huge debts whose water has been disconnected previously with no payments made.</i></p> <p><i>The balance of Kshs. 10,792,225 in respect of billing services to Water Service Providers (WSP) emanated from a service provided by the company to WSP's on billing to their monthly /periodical water sales. This initiative was delegated from the defunct Athi water services board and is being addressed with the aim to have the outstanding debt collected. Through the Company Lawyer, we have sent demand letters and received positive feedback from some. See demand letters</i></p> <p><i>We are confident that the measures being taken will significantly improve the recoverability of the outstanding receivables.</i></p> <p><i>Annex 2.1: Demand letters shared on email in form of link to <a href="mailto:Reuben.Kamuruchi@oagkenya.go.ke">Reuben.Kamuruchi@oagkenya.go.ke</a>,</i></p> <p><i>Annex 2.2: Sample of part payment agreements</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>Annex 2.3: WSP's receivable ledger</i>  <i>Annex 2.4: Demand letters to the said WSP's drawn by the debt collector</i></p>		
<p><b>Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements</b></p>	<p>A review of the financial statements presented for audit revealed that the numbering of the Notes to the financial statements is not consistent as required by the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB) as set out in the revised template for June, 2024.</p> <p>In the circumstances, the financial statements do not comply with the PSASB reporting requirements.</p>	<p><i>This resulted from an error while editing the annual reports and financial statements where note 40 was misplaced hence missing a match. This has been corrected and inserted as appropriate.</i></p> <p><i>Annex 3: Reprinted copy Pages 42 and 43</i></p>	<p>Closed</p>	
<p><b>Non-Compliance with Ethnic and Regional Balance</b></p>	<p><i>Review of the staff details revealed that out of the total two hundred and ninety-one (291) employees, 246 or 85% are from the dominant ethnic community. This is contrary to Section 7(1) and (2) of National Cohesion and Integration Act, 2008 which states 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.</i></p> <p><i>In the circumstances, Management was in breach of the law.</i></p>	<p><i>Over the years the company has gradually endeavoured to comply with ethnicity as per the below data as almost ¾ of the counties are incorporated which is a good representation. Most of the staff were inherited from defunct municipal council and the company had little control over the same. Gradually we shall continue to ensure compliance of the same.</i></p> <p><i>Annex 4: Tabulation on ethnic data</i></p>	<p>WIP</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
<p><b>Employees Earning Less than a Third of Basic Pay</b></p>	<p>Review of the payroll revealed that during the year, forty-six (46) employees earned less than one third of their basic pay which may lead to pecuniary embarrassment. This was contrary to Section 19 of the Employment Act, 2007 which provides that the total amount of all deductions may be made by the employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. In the circumstances, Management was in breach of the law.</p>	<p>Two circumstances have resulted in some staff earning below 1/3 of their basic salaries as explained below:</p> <p>a) <b>Affordable Housing Levy implementation as stipulated in the Finance act 2023 article 84;</b>  When the above levy was implemented in July 2023, a number of staff had their net salaries affected. However, this situation was corrected in June 2024 when the annual staff salary increments were done. Currently, all staff are earning net earnings above 1/3 of their basic salaries.</p> <p>b) <b>Absence of duty- Article 19 of Employment Act 2007 on Deduction of wages states,</b> (1) Notwithstanding section 17(1), an employer may deduct from the wages of his employee— an amount not exceeding one day's wages in respect of each working day for the whole of which the employee, without leave or other lawful cause, absences himself from the premises of the employer or other place proper and appointed for the performance of his work.</p> <p>Due to the above provision and in order to instill discipline and improve staff productivity, we recover lost days from staff salaries in the event that employees fail to show up for work. This affects their net salaries and hence leads to earnings below 1/3 of their basic salaries. This however is a rare occurrence as it only affected two staff members in the year under review and management strives to ensure not to recur in future.</p>	<p>Closed</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
<b>Non-Revenue Water</b>	<p>Review of revenue records revealed that the Company produced 15,051,312 cubic meters of water out of which 9,604,373 cubic meters was billed to customers. The difference of 5,446,939 cubic meters represents non-revenue water being 36% of the total water produced, which is 11% 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.272,346,950 at a rate of Kshs.50 per cubic meter. This is contrary to the Water Services Regulatory Board (WASREB) guidelines schedule 'E' and the Key Performance Indicators (KPI's) impact No.13 benchmarks, which provides for a Non-Revenue Water level of under 20% as 'good'; 20-25% as 'acceptable'; while above 25% is 'not acceptable'. In the circumstances, Management was in breach of the law.</p>	<p>The high Non-Revenue Water (NRW) level at THIWASCO is attributed to a combination of physical and commercial losses. Physical losses stem from aging and deteriorated pipelines, inadequate control infrastructure, and previously uncalibrated bulk meters, which have affected accurate water accounting. Commercial losses arise from faulty or outdated consumer meters, incorrect meter sizing, illegal connections—particularly in informal settlements, tampering, and inefficiencies in meter reading and billing processes.</p> <p>Management has initiated mitigation measures including the establishment of an NRW unit, infrastructure replacement, DMA creation, meter calibration, adoption of smart billing systems, and community enforcement programs to progressively reduce NRW to 25% by 2029, in line with WASREB guidelines.</p> <p>i. To mitigate water losses, the company has implemented activities within its five-year strategic plan under strategic goal 3 which states;</p> <p style="text-align: center;"><b>SG 3: To Reduce NRW from 36% to 25% by 2029.</b></p> <p>This strategic goal is also directly monitored as one of the key KPIs by WASREB, also an important stakeholder for THIWASCO.</p> <p>ii. Establishment of NRW Section/Unit and its Strong Coordination with Other Relevant Sections. The company has since instituted the NRW unit to ensure reduction of NRW</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>levels. Additionally, capacity development through trainings and benchmarking has commenced for the NRW unit.</i></p> <ul style="list-style-type: none"> <li><i>• Positions for NRW unit were advertised internally</i></li> <li><i>• The successful candidates were shortlisted.</i></li> <li><i>• The interviews were conducted on 27<sup>th</sup> and 29<sup>th</sup> November 2024</i></li> <li><i>• The successful candidates are already issued with appointment letters</i></li> </ul> <p><i>iii. Proper procurement processes; the company has stocked sufficient materials, pipes and fittings for quick and quality repairs. Additionally, the inspection and acceptance team is trained on proper standards of customer meters, fittings and pipes.</i></p> <p><i>iv. Pipe renewal Policy; The policy was approved by the technical board committee on 16<sup>th</sup> April 2025. It includes placement of sufficient control valves, small-scale replacement of most problematic pipes and large-scale replacement of deteriorated pipelines and/or service connections.</i></p> <p><b><i>Reduction of physical Losses.</i></b></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>v. <i>Production Meter Calibration; The Company engaged Kenya Bureau of Standards in May 2024. This was in a bid ascertain the accuracy of the bulk production meters through meter calibration. The production meters are calibrated annually.</i></p> <p>vi. <i>The company has commenced isolation of areas hydraulically through installation of DMAs. Currently, four DMAs have already been completed; namely Ngoliba, Kilimambogo, Maki-Githingiri and Albizzia and strategies to reduce NRW within them have commenced. Additionally, the Company has secured funding from Water Services Trust Fund (WSTF) of ksh 33m for smart metering and DMA's; namely Ngoingwa, Landless, Witeithie and Gatuanyaga; and the designs are already completed.</i></p> <p>vii. <i>Replacement of old infrastructure; 16,126m of water pipelines were replaced for the fiscal year 2023/2024. The pipelines replaced are mainly AC material and PVC. They were replaced with high quality HDPE pipes to control leakages and</i></p> <p><b>Reduction of Commercial Losses</b></p> <p>viii. <i>Isolation of low-income areas; The company has commenced metering and creation of DMAs in the low-income areas. The areas include Kiandutu slums, Gachagi and</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>Wakimbizi. This is in a bid to quantify the losses from the low-income areas.</i></p> <p><i>ix. Meter Resizing; The company is currently engaged in resizing of major consumer meters. The meters are resized to match the major consumer's flow. The company has so far resized 29 major consumer meters with a target of 10 meters per month.</i></p> <p><i>x. The Company has a programme to replace non-functional and out-of-order consumer meters and replace them with Smart-ready ones. During the fiscal year 2023/2024, the company replaced 2,818 meters at a cost of Kshs.14.9M which has been budgeted for in order to reduce commercial losses. In the current fiscal year 2024/2025, the company has replaced 470 meters at a cost of 2.5M.</i></p> <p><i>xi. The Company has procured and is using a comprehensive software application to manage and automate the process of generating invoices and billing customers. The system has built-in analysis functions for anomalies such as; high readings, low readings, reversing meters, no consumption, and okay readings. These functions help avert billing errors.</i></p> <p><i>xii. The company is incentivizing the whistleblowers with a token of appreciation for every reported illegal connection. In</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>addition, the company has an inspection team with a dedicated vehicle to attend to the illegalities. The company was able to unearth 344 illegal connections in the fiscal year 2023/2024.</i></p> <p><i>xiii. The meter reading in the company has been structured to reduce NRW. There is a meter reading program generated every month to ensure regular cycles. The meter readers have performance targets on meter reading efficiencies and billing on actual efficiency. The meter readers are also rotated annually.</i></p> <p><i>xiv. Meter Sealing; The company has commenced meter sealing for consumer meters with previous illegalities. This is in a bid to curb commercial losses.</i></p> <p><i>The above efforts have borne fruits through reduction of NRW from 36% to 34% as at 31<sup>st</sup> March 2025.</i></p> <p><i>Annex 6.1: NRW unit advert</i>  <i>Annex 6.2: Contract extract from WSTF on the funding</i>  <i>Annex 6.3: Meter calibration certificate</i>  <i>Annex 6.4: DMA Data extract</i>  <i>Annex 6.5: Meter sizing extract</i>  <i>Annex 6.6: An extract of sealed meters</i>  <i>Annex 6.7: Sample of meter reading program</i>  <i>Annex 6.8: Pipe renewal policy</i></p>		
<b>Delayed Project Completion and Performance</b>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
<p><b>Upgrade of Thika Water Treatment Plant Rehabilitation Project Phase 1 Works (Raw Water Inlet Works, Rapid Mixing Chamber, and Replacement of Raw Water Pumps)</b></p>	<p>The contract for the rehabilitation of the Thika Water Treatment Plant was awarded on 27 July, 2021, with an expected completion date of 4 August, 2022 (9 months duration). However, as at December 2024, the project remains incomplete, with 85% of the work done. Although significant milestones, such as the construction of the suction chamber and rapid mixing chamber have been achieved, key deliverables, including the installation of new raw water pumps, are pending.</p> <p>The contractor cited challenges, including the impact of the COVID-19 pandemic on shipping timelines, the redesign of the suction manifold to integrate with the DANIDA project, and complex shutdown procedures for existing raw water low lift pumps. Multiple extensions of time were granted, but the project remains incomplete.</p>	<p>The project is at an advanced stage of implementation, with its design components reviewed and successfully integrated into the DANIDA-funded initiative, which is being executed under the supervision of Athi Water Works Development Agency (AWWDA).</p> <p><b>Project Status:</b> 90% complete</p> <p><b>Completed Works:</b></p> <ul style="list-style-type: none"> <li>• Construction of suction and raw water pipelines has been completed</li> <li>• Installation of 2 out of 3 raw water pumps (each 995m<sup>3</sup>/hr capacity) has been completed</li> </ul> <p><b>Pending Works:</b></p> <ul style="list-style-type: none"> <li>• Installation of the third raw water pump (scheduled shutdown on April 30<sup>th</sup>, 2025)</li> <li>• Refurbishment of the pump house</li> </ul> <p>The project is progressing according to the revised timeline with the final pump installation scheduled for end April 2025.</p> <p>Given the complexity of this initiative, it necessitates multiple shutdowns of the entire water treatment plant, resulting in intermittent disruptions to water supply across Thika Town and its environs. These disruptions are unavoidable due to the scope of upgrades and integration activities required to modernize the system and align it with the Strategic Plan's <b>Strategic Goal 3 (SG3)</b> of reducing Non-Revenue Water (NRW) and enhancing operational efficiency.</p>	<p>W.I. P</p>	
<p><b>Desludging and Rehabilitation of Sewer Ponds</b></p>	<p>The contract for the Desludging and Rehabilitation of Sewer Ponds (Contract No. THIWASCO/CNTRCT/032/2021-</p>	<p><b>Action Taken by Management</b> <b>Process of Termination of Contract</b></p>		

**Thika Water Sewerage Company Ltd**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>2022) was awarded to Octagon Builders and General Suppliers Ltd. The project commenced on 20 July, 2022 with an expected completion date of 20 July, 2023. As of December 2024, the project was 74% complete, indicating significant delays. Despite multiple extensions granted to the contractor, including the third extension that lapsed on 16 June, 2024, the contractor has failed to meet performance expectations. Consequently, the inspection and acceptance committee has recommended invoking the performance bond due to non-performance.</p>	<p><b>1. Contractual Obligations and Notification of Default:</b></p> <ul style="list-style-type: none"> <li>○ Under the Kenya Public Procurement and Asset Disposal Act (Section 138) and the Contract, the contractor was notified of their failure to comply with contractual obligations, including the project timeline and performance milestones.</li> <li>○ THIWASCO issued notices detailing the non-performance and offering the contractor an opportunity to remedy the defaults within a specified timeframe.</li> </ul> <p><b>2. Performance Bond Invocation:</b></p> <ul style="list-style-type: none"> <li>○ As per Contract and the Performance Bond provisions in the Public Procurement Act, the contractor's failure to address deficiencies within the corrective period led to the recommendation by the Inspection and Acceptance Committee to invoke the performance bond. This action ensures financial protection for THIWASCO against losses incurred due to delays.</li> </ul> <p><b>3. Termination of Contract:</b></p> <p>The Contractor failed to comply with notice to return to site, accelerate and complete works within approved extension of time resulting in</p>	<p>Closed and another contractor engaged</p>	

**Thika Water Sewerage Company Ltd**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments			Status:	Timeframe:
		<p>resolution to liquidate Performance Bond, the contractor has been issued with a termination notice. Outstanding works to be advertised in May 2025 and awarded to another Contractor for completion.</p> <p><b>Alignment with THIWASCO's Strategic Plan</b>            THIWASCO remains committed to ensuring project completion while upholding legal, contractual, and operational standards. The recommended actions safeguard stakeholder interests, maintain compliance with applicable regulations, and support the realization of strategic objectives.</p>				
<p><b>Completed Projects and Not in Use</b></p>	<p><b>Project</b></p>	<p><b>St at us</b></p>	<p><b>Remarks</b></p>	<p><b>i. Castle-Kianjau Water Expansion Project, Contract No. THIWASCO/CNTRCT/008/2023-2024: Contractor: Octagon Builders and General Suppliers Ltd</b></p> <p>The Contract commencement date was 1<sup>st</sup> April 2024 with a construction period of 6 months. The contract end date was 1<sup>st</sup> October, 2024. An extension of time was approved for 3 months until date 4<sup>th</sup> January, 2024.</p> <p>A total of 1,200m pipeline has been laid, however, the Contractor did not complete the water chambers and install the water fittings by the end of the given Extension of Time thereby frustrating the Contract and making it in-operable. The Contractor therefore failed to meet contract obligations. Accordingly, the Performance bond was claimed on 26<sup>th</sup> February 2025 and the Contract terminated 28<sup>th</sup> March 2025. The remaining pending works is scheduled for re-advertisement in May 2025.</p>	<p>Closed and another contractor engaged</p>	
	<p>Castle-Kianjau Water Expansion Project (THIWASCO/CNTRCT/008 /2023-2024)</p>	<p>Co m pl et e</p>	<p>Not in use</p>			
	<p>Witeithie Area Water Expansion Project (THIWASCO/CNTRCT/009 /2023-2024.)</p>	<p>Co m pl et e</p>	<p>Not in use</p>			
	<p>Ngoingwa-Murram road water expansion project (THIWASCO/CNTRCT/014/2023-2024.)</p>	<p>Co m pl et e</p>	<p>No water and not in use</p>			



**Thika Water Sewerage Company Ltd**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>Annex 7.3: Notice on termination of contract for non-performance- Desludging and rehabilitation of sewer ponds.</i></p> <p><i>Annex 7.4: Notice on termination of contract for non-performance – Castle -Kianjau water expansion project</i></p> <p><i>Annex 7.5: Notice on intention to liquidate performance bond</i></p> <p><i>Annex 7.6: Notice on termination of contract for non-performance – Witeithie Area water expansion project</i></p> <p><i>Annex 7.7: Notice on intention to liquidate performance bond</i></p>		
<p><b>Land Ownership Documents</b>      <b>Without</b></p>	<p>The statement of financial position and as disclosed in Note 20 to the financial statements reflects land valued at Kshs.28,596,000 which relates to 18 parcels of land were indicated as owned by the Kiambu County Government. However, land title deeds to prove ownership of the parcels of land were not provided for audit. No reason was provided for failure to have the land in the Company's name contrary to Regulation 132(1) of the Public Finance Management Act, 2015 which states that the Accounting Officer of a County Government entity shall take full responsibility and ensure that proper control systems exist for assets</p> <p>In the circumstances, Management was in breach of the law.</p>	<p><i>The title deed for the land valued at Kshs.28,596,000 is here in attached. Thika Water and Sewerage Company Ltd took over some parcels of land from the Defunct Municipal Council as shown below. Disclosure of the said land parcels had been made in the financial statements as an extension of note No. 20, on pages 30,31 &amp; 32.</i></p> <p><i>Registration of these parcels of land inherited from the defunct Municipal Council of Thika is in progress as per the attached transfer deed extracts. Due diligence was conducted and ownership established on the respective land parcels. Registration is in progress and is awaiting issuance of the allotment letters to various parcels in favor of Thika Water.</i></p> <p><i>Annex 8.1: Transfer deed from the Defunct Municipal Council.</i></p> <p><i>Annex 8.2: Handover deed by Defunct AWSB to Thiwasco.</i></p>	<p>Closed</p>	

**Thika Water Sewerage Company Ltd**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p><i>Annex 8.3: Contract extract for the registration of the land parcels.</i></p> <p><i>Annex 8.4: Letter to the National Land Commission on issuance of allotment letters.</i></p> <p><i>Annex 8.5: Letter from National Land Commission on processing of allotment letters.</i></p> <p><i>Annex 8.6: Title deed.</i></p>		

Name **MOSES KINYA**

Signature 

Managing Director

Date 2<sup>nd</sup> December 2025

**Thika Water Sewerage Company Ltd**  
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**Appendix II: Projects Implemented by the Company**  
**Projects**

- Projects implemented by the Company Funded by development partners.  
 The company didn't have any of the externally funded projects within the period.
  
- Status of Internally funded Projects completion

Project	Total project Cost	Completion % to date	Status	Budget	Actual	Sources of funds
Rehabilitation of Rapid sand Filters THIWASCO/CNTRCT/013/2023-2024	6,534,000	0%	Terminated			Internal
Rehabilitation of Blue Nile and Kisii collapsing trunk sewers THIWASCO/CNTRCT/011/2023-2024	28,766,650	14%	Terminated		3,934,241	Internal
Replacement of decanting Troughs THIWASCO/CNTRCT/015/2023-2024	6,890,400	0%	Terminated			Internal
Castle-Kianjau Water Expansion Project THIWASCO/CNTRCT/008/2023-2024	5,954,525	60%	Terminated		2,421,820	Internal
Witeithie area Water Expansion Project THIWASCO/CNTRCT/009/2023-2024	5,868,161	46%	Terminated		2,667,685	Internal
Gatuanyaga Chania Riverside Water Expansion Project THIWASCO/CNTRCT/034/2023-2024	4,574,625	45%	Terminated		2,036,100	Internal
Construction of Sewer Line in Kisii Deacons Area	11,028,219	46%	Ongoing		2,586,500	Internal

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Phase III Construction of Additional Sewer laterals in Namsip Area Kianjau-Castle THIWASCO/CNTRCT/011/2024-2025	5,660,774	53%	Ongoing		1,149,000	Internal
"Phase IV Construction of Additional Sewer laterals in Namsip Area Kiganjo THIWASCO/CNTRCT/012/2024-2025"	18,353,370	51%	Ongoing		7,132,000	Internal
Kisii Deacons Water Main Extension THIWASCO/CNTRCT/020/2024-2025	15,026,317	57%	Ongoing		2,524,600	Internal
Phase II-Rehabilitation of Blue Nile and Kisii collapsing trunk sewers THIWASCO/CNTRCT/021/2024-2025	19,689,120	45%	Ongoing		4,644,418	Internal
Rehabilitation of Rapid Sand Filter Media THIWASCO/CNTRCT/022/2024-2025	6,571,950	15%	Ongoing			Internal
"Phase IV Construction of Additional Sewer laterals in Namsip Area Witeithie THIWASCO/CNTRCT/026/2024-2025"	12,731,454	35%	Ongoing			Internal
Construction of 4No. Guard houses in Various THIWASCO Properties THIWASCO/CNTRCT/027/2024-2025	2,223,379	55%	Ongoing			Internal
Maintenance of Sewer Treatment Works Phase II Desludging of Sewer Ponds. THIWASCO/CNTRCT/028/2024-2025	55,687,324	1%	Ongoing			Internal

**Thika Water Sewerage Company Ltd**  
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**Appendix III- Inter-Entity Confirmation Letter**

**Name of Transferring entity - County Government of Kiambu**

**Name of Beneficiary entity - Thika water sewerage company Ltd**

Confirmation of amounts received by Thika water sewerage company Ltd as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT25127VWXWQ/HOF	08 <sup>th</sup> May 2025	8,704,140		8,704,140	Delegated assignments
FT251699XNLQ/HOF	19 <sup>th</sup> June 2025	4,000,000		4,000,000	Delegated assignments
Total		12,704,140		12,704,140	

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

**Head of Accounts Department - Disbursing Entity:**

Name Edmund Njirua Njoroge Sign [Signature] Date 30/06/2025



**Head of Accounts Department - Beneficiary Entity:**

Name Rosemary ke Sign [Signature] Date 30/06/2025

THIKA WATER AND SEWERAGE CO. LTD.  
 P. O. BOX 6103 - 01000, THIKA  
 TEL: 0720 418444  
 email: info@thikawater.co.ke

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

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree planting	Climate leverage	Environmental conservation	Growing of trees at Maryhill and ngoingwa tank site				√	Internally funded	Thika water in partnership
Tree planting	Climate leverage	Environmental conservation	Growing of trees Kangoki		√			Internally funded	Thika water in partnership
Tree planting	Climate leverage	Environmental conservation	Thika town Avenue tree growing				√	Internally funded	Thika water in partnership

**Appendix V: Reporting Disaster Management Expenditure**

The company didn't have any category of disaster related Activity that require expenditure reporting within the reporting period.

**Thika Water Sewerage Company Ltd**  
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**Appendix VI: Recording of Transfers from Other Government Entities**

Name of the County/MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - Ksh	Where Recorded/recognized					Total Transfers during the Year - Ksh
				Statement of Comprehensive income- Ksh	Capital Fund	Deferred Income	Receivables	Others - must be specific	
County Government of Kiambu	08 <sup>th</sup> May 2025	Recurrent	8,704,140	8,704,140					8,704,140
County Government of Kiambu	19 <sup>th</sup> June 2025	Recurrent	4,000,000	4,000,000					4,000,000
<b>Total</b>			<b>12,704,140</b>	<b>12,704,140</b>					<b>12,704,140</b>

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