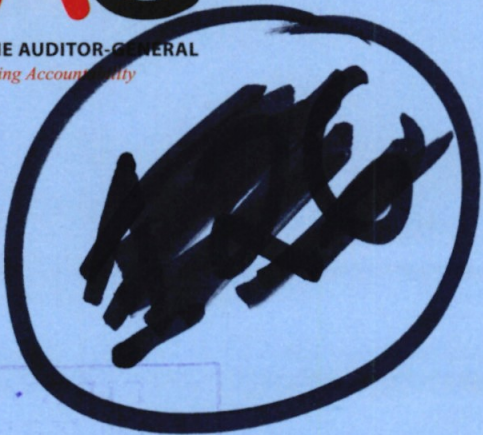


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REPORT

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TETU WATER AND SANITATION PLC

FOR THE YEAR ENDED
30 JUNE, 2025



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TETU WATER AND SANITATION PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025

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



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1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
CPA (K)	Certified Public Accountants of Kenya
CPS	Certified Public Secretaries
CIFA	Certified Investment and Financial Analyst
IHRM	Institute of Human Resource Management
KEWI	Kenya Water Institute
CHRP	Certified Human Resource Practitioner
FKIM	Fellow of Kenya Institute of Management
NG-CDF	National Government Constituency Development Fund
TWWDA	Tana Water Works Development Agency
WSTF	Water Services Trust Fund
CSLG	Conditional Support Liquidity Grant
KTDA	Kenya Tea Development Agency
GIS	Geographical Information System
PAC	Public Accounts Committee
FAT	Finance, Administration and Technical
MAA	Memorandum and Articles of Association
BOD	Board of Directors
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
CPF	County Pension Fund
MDA	Management Discussion and Analysis
NRW	Non- Revenue Water
CSR	Corporate Social Responsibility
IAS	International Accounting Standards
KRA	Kenya Revenue Authority

II .Key Entity Information

Background information

The Company was incorporated under the Companies Act (Cap.486) on 13th April 2006 and that the Company is limited by Guarantee (Certificate of Incorporation for the Company No.C.124262). The Company's mandate is to provide Water and Sanitation Services in Tetu and parts of Nyeri Central Sub-Counties in Nyeri County in accordance with section 113 of the Water Act 2002 and SPA by Tana Water Works Development Agency. The Water Act has been reviewed and Water Act 2016 is currently in force to accommodate the Constitution of Kenya (2010). The Company is wholly owned by the County Government of Nyeri in line with Water Act 2016. Through Water Act 2016 which outlines Water as a devolved service the Company has a new name Tetu Aberdare Water and Sanitation Company Limited thus becoming a Public Limited Company through certificate Number PLC-98573K dated 30th May 2024 under the Companies Act 2015 making the Company fully owned by the County Government of Nyeri.

Principal Activities

The principal activity of the Company is to provide water and sanitation services to residents of Tetu and parts of Nyeri Central Sub-Counties.

Directors

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

<u>Name</u>	<u>Status</u>	<u>Date of Appointment</u>
1. Wamuyu Gathinji	- Director	- 6 th July 2023
2. William Ndirangu Wamuyu	- Director	- 21 st June 2024
3. Isaac Njoroge Nderitu	- Director	- 2 nd August 2021
4. Joe Gethi	- Director	- 18 th July 2023
5. Bernard Kiama	- Director	- 12 th April 2023
6. Nancy Wanjiru Ngogoyo	- Director	- 24 th July 2019
7. Mary Wangui Wambugu	- Director	- 21 st June 2024
8. Symon Wambugu Wanjau	- Managing Director	

Corporate Secretary

FCS Richard K. Gikuhi,
P.O. Box 1271-10100,
Nyeri-Kenya

Registered Office

Kamakwa Nyeri Central Sub-County Water Office
P.O. Box1089- 10100
Nyeri.

Corporate Contacts

Telephone: (0796 976 937)
E-mail:teawasco@gmail.com
 : info@teawasco.co.ke
Website: teawasco.co.ke

Corporate Bankers

Kenya Commercial Bank Limited Nyeri Branch
P. O. BOX 215 -10100 Nyeri.

Independent Auditors

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

Principal Legal Advisers


Lucy Mwai & Company Advocate
P.O Box 12233-10109
0725363178
E-mail: lucymwai2012@gmail.com

Tetu Water & Sanitation PLC






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

III. The Board of Directors

Ref		
1.		Wamuyu Gathinji BSc Degree (Geology) and a certificate in Waste water Engineering Technology, a Registered Lead Expert (E.I.A.E. A) with the Environmental Institute of Kenya (EIK) working as an Environmentalist with Sino Hydro Corporation Limited, an International Road Construction Company commissioned by KENHA to construct Mau Mau roads in Tetu Sub- County. Pursuing MSc Environmental Engineering at Jomo Kenyatta University of Agriculture Technology.
2.		Mr Isaac Njoroge Nderitu Animal health and production specialist. Also has a BBA, Mppm and PHD finalist in Governance and leadership.
3.		Mr. William Ndirangu Wamuyu Bachelor degree in development studies, Certificate in Information, Communication and Technology for Development. Certificate in Business Process Outsourcing Training of Trainers Course
4.		Mary Wangui Wambugu Bachelors of Education, Diploma in Education Management, Certificate in Primary Teacher Education (PTE).
5.		Mr. Joe Gethi Mwai Bachelor of Education and Guidance Psychology, a teacher. Chief Officer in the Department of Gender, Youth, Sports and Social Services in County Government of Nyeri.
6.		Nancy W. Ngogoyo O Level, Accountancy, Corporate Management, Small Enterprise Development, worked as a supervisor at W.E.D an NGO and working in Community Development.
7.		Mr. Bernard Kiama Kariuki Lecturer in Chemistry (Analytical) MSc Analytical and Environmental Chemistry (JKUAT) Bachelors in Education Sciences (CUEA) O Level Chief Officer Water, Irrigation, Environment and Climate Change.
8.		Symon W. Wanjau- Managing Director K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, CPA (K), CPS Finalist, CIFA Finalist, Registered with ICPAK,

9.		<p>FCPS- Richard Gikuhi Kiana- Company Secretary He is a member of ICPS (K) registration Certificate No R/NO 285 from ICPSK. He is secretary for various public institutions and a member of FKIM. He holds other directorships in public institutions</p>
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IV. Management Team

Ref	QUALIFICATIONS AND MAIN AREA OF RESPONSIBILITY	
1.		<p>Symon W. Wanjau- Managing Director K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, CPA (K), CPS Finalist, CIFA Finalist, Registered with ICPAK, He is responsible for Planning Directing Coordinating and Controlling the Operation of the Company. Effective management of the company to ensure achievement of its set goals and objectives.</p>
2.		<p>Veronica Wanjiku Wanjugu-Human Resource & Admin Manager K C.S.E, Bachelor's degree in commerce Human Resource Management option Member of Institute of Human Resource Management(IHRM) Pursuing Human Resource Professional (CHRP) More than five years working experience Responsible for coordinating all administrative activities related to the Organisations personnel.</p>
3.		<p>Anthony Ndegwa Githae- Internal Auditor K.C.S.E, Bachelor's degree in commerce finance option, CPA (K) and Registered with ICPAK. He ensures the Company assets are safeguarded and resources efficiently utilized. He also liaises with the External Auditors to facilitate the process of easy flow of successful Audit.</p>
4.		<p>David Nderitu Munga-Technical Manager K.C.S.E, Bachelor's degree in civil and structural Engineering(UON) Member of engineers board of Kenya (EBK)and Institution of Engineers of Kenya (IEK) Pursuing (MBA) Project and Construction management. Responsible for production of quality water to customers, operate and maintain existing water infrastructure, ensure efficient and effective provision of water and sanitation services to meet consumer needs.</p>
5.		<p>FCPS- Richard Gikuhi Kiana- Company Secretary He is a member of ICPS (K) registration Certificate No R/NO 285 from ICPSK. He is secretary for various public institutions and a member of FKIM. He holds other directorships in public institutions</p>

V. Chairman's Statement

The year 2024/2025 was a year with a difference, a year in which we were confronted by many challenges, but emerged more resilient and successful.

The macroeconomic landscape in the year was challenging characterized by depressed economies, disposable incomes in the whole world continued to decline resulting to reduced consumers spending. This greatly constrained our volumes and hindered growth in turnover during the year under review. However, despite the very difficult economic conditions, we are proud of the results we achieved. The Company water billing Increased from Ksh 68,060,363 to Ksh. 77,835,305 for the financial year 2023/2024 and 2024/2025 respectively.

The Company also undertook sponsorship of public health projects with Nyeri Hospice. This is targeted for Cancer Patients and focuses on quality of life thereby turning it into an important time of living. The Company held Public Participation on Tariff through water service Regulatory Board (WASREB).

Our effort to grow and improve as a company would not have been possible without the leadership of our talented Board of Directors, our employees, our customers, Constituency Development Fund (NG-CDF), Tetu, Tana Water Works Development Agency, Tetu Sub-County Water Office, Nyeri County Government and other potential development partners also deserve commendation for their hard work and loyalty.

The results presented today would not have been achieved without the support of the Directors and thus I wish to thank my colleagues in the Board.

On behalf of the Board, I wish to record our gratitude to our consumers for their continued loyalty and support and to all our employees in the company for their dedication and exemplary service without which the results would not have been achieved.



WAMUYU GATHINJI

CHAIRMAN –TEWASCO.

VI. REPORT OF THE MANAGING DIRECTOR

Water Sector Reforms

One of the main principles of the Water Act 2002 was that water services were managed at the lowest level possible. In line with this principle, the Ministry of Water and Irrigation transferred the provision of water services to Water Services Board now Tana Water Works Development Agency with effect from July 2005. The Water Act 2002 stipulates that the Service Boards shall contract agents, known as water service providers, for provision of water services. The Company is wholly owned by the County Government of Nyeri in line with Water Act 2016, which outlines Water as a devolved service. The Company has a new name Tetu Water and Sanitation PLC thus becoming a Public Limited Company through certificate Number PLC-98573K dated 30th May 2024 under the Companies Act 2015.

History and Legal Establishment

TEWASCO has been given the responsibility to take charge of the Management of all the assets that were previously under the Management of both Ministry of Water and Irrigation as Tetu Thegenge and Titie Water Schemes and National Water Conservation and Pipeline Corporation as Aguthi Water Scheme. Over the years, all the existing water systems handed over to the Company have passed their ultimate design period, and in the process, they have been dilapidated and outlived their economic life. Hence, they need to be rehabilitated and augmented.

However, in order to be able to achieve sustainability there is need to develop and implement the infrastructure involving various components. However, these undertakings require huge amount of money, which is beyond the capability of the Company to generate internally, therefore demanding external funding.

In addition, it is important to note that according to the new dispensation the water and sanitation services are devolved functions under the County Government, and this being the case the Water Act 2016 was enacted in order to accommodate these constitutional changes among other regulations awaiting enactment by Parliament.

In view of the above, the company is working closely with Tana Water Works Development Agency, National Government Constituencies Development Fund (NGCDF) Tetu, Sub County Water Office and Nyeri County Government in fulfilling our core mandate.

Infrastructure Development

Tana Water Works Development Agency is funding the construction of Tetu Aguthi bulk water project at a cost of 680,000,000 the project is ongoing and it also involve replacing of 15km asbestos cement pipeline with HDPE pipes.

Future Development Plans

The Company has earmarked to undertake the following activities in our future development programmes.

- √ Development of Kahiraini Bulk Water Supply by constructing reservoirs on Gura River including rehabilitation and augmentation of existing water systems.
- √ Improvement and development of sanitation services in our rural households and market centres.
- √ Water Catchment conservation and protection programmes. The company intend to start a tree nursery.
- √ Construction of office block at Wamagana which is the Headquarter of Tetu Sub-County
- √ Aguthi raw water main and Mathakwa-ini Treatment Works rehabilitation by Tana Water Works Development Agency at a cost of 160 M.

Project Proposal

For improving service delivery and at the same time, achieve sustainability there is an urgent need to augment the existing systems through development of the infrastructure by implementing the activities outlined in the company's project proposal documents.

Staff

The company has 66 employees. The ultimate goal is to make the Company an enterprising water Organisation.

Challenges

The company in its endeavours to avail quality, affordable and reliable water and sanitation services encountered various challenges to deal with.

The challenges include:

- Vandalism of water infrastructure networks.
- Dilapidated infrastructure.
- Low flow of water at the source during dry spell
- Destruction of our pipelines by road contractors continues to be a major setback.
- Major landslides within the Aberdare Forest especially along river Gura which destroy pipe network

Conclusion

With the implementation of Vision 2030 strategy and The Constitution of Kenya 2010 and Water Act 2016 there is great demand for clean, safe and adequate water supply in all sectors contributing to economic development. This is a great opportunity for the company to exploit enabling it achieve its objectives and the ever-growing water service demand.

Gratitude

I would like to take this opportunity to thank Tana Water Works Development Agency, County Government of Nyeri, National Government Constituencies Development Fund (NG-CDF) Tetu, WSTF and TEWASCO Board of Directors for their support during the year, also our esteemed customers and suppliers who were all instrumental to our success this year. I am also grateful to our staff for their commitment and effort in striving to ensure the company meets its noble objectives and in fulfilling our core mandate.



S. W. WANJAU

MANAGING DIRECTOR

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

The Company had a good performance for the year even though there were Economic challenges:

Strategic Pillar	Objective	Key Performance Indicator	Performance	Activities	Achievements
Metering	100% metering	Increase Revenue		Metering programme Procured customer meters 800 No worth Kshs.1, 360,000.	100%
Revenue Collection	95% and Above	Meet Obligations when they fall due.		Collection efficiency	92%
Billing	100%	Increase Revenue		Procured 24 No smart phones worth ksh 412,380. Utilisation of smart phones for meter reading for efficiency and automating them with GIS.	100 %
Non-Revenue Water	Reduce NRW	To attain the sector Benchmark of below 25%		<ol style="list-style-type: none"> 1. Procurement of meters for new water connection and replacing malfunctioning ones. 2. Operationalisation of NRW unit. 3. Application of GIS in mapping our infrastructure network. 4. Training and bench marking with other companies. 	Attained 34% NRW.
Water Coverage Area	Increase area of water service coverage	To attain 100% coverage		<p>Pipeline Extensions</p> <p>This was achieved through New Water Connections in the Company for the year.</p>	Attained 94 %

VIII. Corporate Governance Statement

TEWASCO is committed to operating under a clear governance framework and strongly adheres to sound management and control practices.

TEWASCO is committed to ensuring compliance with the provisions of Water Act 2016 and Operating License from WASREB among other regulatory and supervisory corporate governance requirements.

During the year, the BOD of the Company scheduled and met eight times to deliberate and make resolutions on general business of the board. The BOD had additional meetings on need basis to discuss, resolve and implement key agenda that would not have been implemented in the ordinary business of the Company as follows; Nyeri County PAC invitation, Board meeting Nyeri County Government, Induction of the new Board. Finance Administration and Technical (FAT) and Audit, Risk and Assurance Sub-Committees met seven and five times respectively.

BOD MEETINGS 2024/2025		
DATE	MEETING DESCRIPTION	NO. OF MEMBERS
3/7/2024	FULL BOARD MEETING	7
8/8/2024	FAT MEETING	4
9/8/2024	AUDIT MEETING	3
22/08/2024	FULL BOARD MEETING	7
4/9/2024	FAT MEETING	4
11/9/2024	FULL BOARD MEETING	8
7/10/2024	AUDIT MEETING	3
8/10/2024	FAT MEETING	2
24/10/2024	FULL BOARD MEETING	6
9/1/2025	FAT MEETING	2
9/1/2025	AUDIT MEETING	3
28/01/2025	FULL BOARD MEETING	8
20/02/2025	FAT MEETING	2
20/03/2025	FULL BOARD MEETING	8
9/4/2025	AUDIT MEETING	3
10/4/2025	FAT MEETING	2
15/4/2025	FAT MEETING	4
24/04/2025	FULL BOARD MEETING	6
19/05/2025	FULL BOARD MEETING	7

Succession planning;

The Company has implemented the BOD charter, which defines the roles of the Board of Directors. The BOD undertakes an annual evaluation of its performance in line with the Corporate Governance guidelines realigning itself to meet its mandate.

The company Memorandum and Articles of Association have defined the process of appointment and removal of Directors. The MAA recognizes the role of stakeholders in effective appointment and retirement. As a Policy the company recognizes the need for gender balance in appointment of BOD. The company undertook a review of the MAA to align it with the changes of the Company Act 2015 and Water Act 2016. This is stressed in the advertisement & filling the position of the Board of Directors where women and Persons Living with Disability are encouraged to apply.

Roles and Functions of the BOD

The Board of Directors has ensured that proper management structures that maintain integrity, reputation and responsibility are in place.

The major roles of the BOD is to protect and promote the interest of the organization and this includes;

1. Taking due care of asset and liabilities of the organization.
2. Oversight role: the BOD is responsible for policy matters and major undertakings.
3. The Board of Directors have a fiduciary relationship to treat the organization as its own and take prudent measures to grow the organization

Induction and Training

During the year 2024/2025 that is under review, Induction of the Board of Directors was held from 24th to 26th July 2024.

Conflict of Interest

During the financial year ended June 30th, 2025 all the interests declared by BOD members are registered in the Conflict of Interest register during committee meetings including Full BOD.

Board Remuneration

The company operates in a regulated sector. To provide efficiency and act as an incentive to improve performance at oversight level, the limit for Sitting Allowance and other expenditure of the Board of Directors and its committees is capped at the higher of 5% of the turnover or Kshs 4 million Per Annum.

Ethics and Conduct

The Board of Directors has identified Internal and External stakeholders whereby they agree in policy on how to relate with each other especially in relation to appointing the Directors and monitoring the performance of the Company. All Directors are signatories to the Code of Conduct that guides them in operations.

The Board of Directors is constituted into the following committees:

1. Finance, Administration and Technical Committee (FAT)
2. Audit, Risk and Assurance Committee

By order of the Board
For and on its behalf



Date 14/11/2025

IX. Management Discussion and Analysis (M D&A)

The Management’s Discussion and Analysis of Financial condition and result of operation provides information that management believes is relevant to an assessment and understanding of the financial condition and results of operations of Tetu Water & Sanitation PLC. This MD & A should be read in conjunction with the Company’s Financial Statements and related notes for the year ended 30th June 2025 that are prepared in accordance with International Financial Reporting Standards (IFRS), Policies and best practices.

The company has complied with statutory requirements including Pension, Housing levy, NITA, SHIF, NSSF and payment of taxes. The company contributes to registered pension schemes, which are Standard Chartered, and CPF. The taxes remitted to KRA includes withholding and Corporation taxes.

TEAWASCO Billing, Revenue and Debt Position

Year	Total Billing (Kshs)	Total Revenue collection (Kshs)	Outstanding debts (Kshs)
2019/2020	58,491,846	53,532,527	22,906,131
2020/2021	64,785,843	65,112,620	21,768,669
2021/2022	63,211,898	64,958,137	20,345,306
2022/2023	67,509,912	62,683,965	23,288,470
2023/2024	68,060,363	65,536,427	25,727,877
2024/2025	77,835,305	71,944,132	29,757,979

Year	Registered connections	Active connections	Inactive connections	New water connections
2019/ 2020	15,800	12,016	3,784	414
2020/2021	16,214	12,300	3,914	586
2021/2022	16,800	11,992	4,808	463
2022/2023	17,263	12,700	4,563	349
2023/2024	17,805	12,849	4,956	312
2024/2025	18,161	13,540	4,621	356

Challenges Faced During the Year

During the year the company experienced the following challenges during implementation of the Financial Management process;

Area of operation	Challenges	Interventions
Climate change	Billing and Revenue was affected.	<ul style="list-style-type: none"> • Proposal writing has been done to construct dams to preserve water during the rainy season to be used during the dry season.
Road Construction	Interrupted water supply and increased NRW	<ul style="list-style-type: none"> • Rerouting of all the pipelines from the marked areas of the road construction earlier before the contractors destroy the pipes. • Repairing the destroyed pipes immediately to mitigate water loss.
Low Economic Power	Less Revenue and an increase in disconnected connections	<ul style="list-style-type: none"> • Engaging in friendly terms of payment of water bills e.g Part-Payment

Major risks facing the organisation; the following matrix represents the risks facing the company and the mitigating factors.

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
(i)	Inadequate resources	Medium	<ul style="list-style-type: none"> • Documentation and reporting on resource utilization. • Increase generation and collection efficiency
(ii)	Staff turnover	Low	<ul style="list-style-type: none"> • Build Capacity-Trainings, Personal development • Improvement of working environment • Commendation letters and certificates
(iii)	Consumers with huge debts	High	<ul style="list-style-type: none"> • Negotiate with customers on Part payment modalities • Timely disconnection of defaulters to manage accumulation of debts • Debt policy
(iv)	Climate Change	High	<ul style="list-style-type: none"> • Build storage facilities • Participation in Conservation of the environment • Create public awareness on water conservation.
(v)	Corruption	Low	<ul style="list-style-type: none"> • Good corporate governance • Building strong ethical practices • Enforce/ invoke the law
(vi)	Irrigation, boreholes and wells	Medium	<ul style="list-style-type: none"> • Creation of public awareness • Provision of reliable treated water supply.
(vii)	Safety of valves installations	Medium	<ul style="list-style-type: none"> • Secure the valves by cementing. • Sensitize the community on the need of ownership • Securing the Storage tanks by fencing and locking them.
(viii)	Non-delivery of procured goods	Low	<ul style="list-style-type: none"> • Enhance Tender evaluation committee • Proper record keeping for both received and issued goods • Re-tendering of goods
(ix)	Communication breakdown	Medium	<ul style="list-style-type: none"> • Enhance communication through improving medium /channels of communication • Regular open staff meetings • Cultivate the good culture through sticking to the chain of command.
(x)	Evaluation of overall risks	Medium	<ul style="list-style-type: none"> • Set the performance targets

X. Environmental and Sustainability Reporting

i. Sustainability Strategy and Profile

The Company main goal is to be self-sustaining; this can only be achieved through collection of revenue at optimal level to cater for operations and maintenance, personnel costs and any other incidental costs that may occur during day to day running of the Company. Strategies must be put in place for a Company to continue being a going concern. During the year under review, the company budget was to increase the customer base by installing new water connections, in its area of supply. The Company equally has to consider cost benefit analysis while coming up with methods of collecting revenue and cost of supplying water services to the customers.

The Company introduced cashless mode of Revenue Collection, which is effective and reliable. Provision of water is through gravity, which is very economical since no power is required, equally water is abstracted from Aberdare Forest where pollution is minimal.

ii. Environmental Performance

Environmental Performance indicators condense data into relevant information that allows monitoring, target setting, tracing performance improvements, benchmarking and reporting. Environmental Performance indicators supply the operational level as well as top management with the information required for decision-making. The Company has been conserving the environment through planting trees to protect water catchment areas and preventing soil erosion. The Company has also constructed gabions along the pipeline in areas prone to landslides and erosion.

iii. Employee Welfare

The Company operates two defined retirement benefits schemes for its employees; which are Standard Chartered Bank 1987 and CPF Pension Schemes, the Company also contributes towards NSSF for its staff. There is also a medical cover in place for employees and a component of Work Injury Benefit in case of injury of a work in course of duty.

iv. Market Place Practices

The Company's major objective is to gain return on its investments and therefore benefit financially by achieving the maximum value while leaving the customers with the feeling that they are definitely receiving their money's worth in service and quality. To do this the Company offers service at a price consistent with the customers' perception of the value received which is friendly. Water supplied is of high quality having undergone through full treatment to the required standards in the Sector.

v. Corporate Social Responsibility

The company has joined hands with other stakeholders concerned in planting indigenous trees in the Aberdare Forest water catchment area bearing in mind that the sustainability of our water sources wholly depends on Aberdare water tower, which we desperately need to protect and preserve.

The company too undertook sponsorship of public health projects with Nyeri Hospice. This is targeted for Cancer Patients and focuses on quality of life thereby turning the end of life into an important time of living.

vi. Community Engagements

The Company has been engaging the community through various forums, which include public barazas, holding clinic days and open days for customers, and the engaging the community through Corporate Social Responsibility (CSR).

There are other activities where the Company engages the Community, they include; -

- Public participation on project proposals
- Stakeholders Conferences
- Conservation of catchment areas
- Demonstrating and encouraging rain water harvesting
- Customer clinic days
- The company planted 10,000 No trees seedlings at Kiandongoro forest

Tetu Water & Sanitation PLC
Annual Report and Financial Statements for the Year ended June 30, 2025

XI. Report of the Directors

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

i. Principal Activity

To provide water and sanitation services to residents of Tetu and parts of Nyeri Central Sub-Counties in Nyeri County.

ii. Results

The results of the for the year ended June 30, 2025 are set out on pages 1-5

iii. Dividends

The Company is wholly owned by the county government and does not pay dividends. Any surplus realised is ploughed back to finance capital expenditure.

iv. Directors

The Board of Directors members who served during the year are shown on page V. In accordance with Regulation of the Company's Articles of Association, retire by rotation and that eligible offer themselves for re-election.

v. Auditors

The Auditor General is responsible for the statutory audit of the Companies in accordance with the Public Finance Management (PFM) Act, 2012 that empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



Richard Gikuhi Kiana
Company Secretary

Date 14/11/2025

XII. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act 2012 and Companies Act 2015 require the Directors to prepare Financial Statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the Financial Year 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 ended on June 30, 2025. These responsibilities 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.
- (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 2012.

Tetu Water & Sanitation PLC
Annual Report and Financial Statements for the Year ended June 30, 2025

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Company's Financial Statements give a true and fair view of the state of Company's transactions during the Financial Year ended June 30, 2025, and of the Company's Financial Position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company Financial Statements as well as the adequacy of the systems of Internal Financial Control.

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


Approval of the Financial Statements

The Company Financial Statements were approved by the Board of Directors on 14/11/2025

And signed on its behalf by:

Signature.....

Name: Wamuyu Gathinji
Chairperson of the Board

Signature ..

Name: Symon Wanjau
Managing Director

XII. Report of the Independent Auditors

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON TETU WATER AND SANITATION PLC FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tetu Water and Sanitation PLC set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of

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

In my opinion, except for the effects of the 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 Tetu Water and Sanitation PLC as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade Receivables

The statement of financial position and as disclosed in Note 18 to the financial statements reflects net trade receivables balance of Kshs.29,757,978. The Note further reflects Kshs.52,853,960 as gross trade receivables which includes receivables totaling to Kshs.34,846,326 which have been outstanding for a long time and appear unrecoverable. Management did not provide explanation of measures being taken, including legal action, to recover the long outstanding debt.

In the circumstances, the recoverability, of trade receivables balance of Kshs.34,846,326 could not be confirmed.

Unsupported Provision for Disputed Receivables

The statement of financial position reflects net trade receivables balance of Kshs.29,757,978. However, the financial statements at Note 18 discloses gross receivables balance of Kshs.52,853,960 out of which an amount of Kshs.19,853,586 was deducted as provision for disputed receivables. Management did not provide a policy to support the provision in respect to disputed receivables. Further, there were no details of the disputing parties and no reasons given on why the amounts were considered disputed.

In the circumstances, the accuracy, completeness and recoverability of receivables balance of Kshs.19,853,586 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects 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 year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. However, review of the status during the audit of the Company in the financial year 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Trade receivables
2	2023/2024	Long Outstanding Trade Payables
3	2023/2024	High Non- Revenue Water threshold
4	2023/2024	Non-Compliance of the National Cohesion and Integration Act and Ethnicity

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matter 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

High Non- Revenue Water

During the financial year under review, the Company produced 177,356 cubic meters (M³) of water out of which only 117,055 (M³) was billed to customers. The balance of 60,301m³ which represent approximately 34% of the total volume of water produced is Non-Revenue Water (NRW) with projected fiscal value of Kshs.40,096,935. The Non-Revenue Water of 34% was over and above the allowable limit of 25% set by water services regulatory board guideline.

In the circumstances, the Company may have lost revenue through unaccounted for water.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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 matter 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. Adequate accounting records have been kept by the company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 November, 2025

XIV. Statement of Profit or Loss & Other Comprehensive Income For The Year Ended 30 June 2025.

	NOTES	2024/2025	2023/2024
		KSH	KSH
REVENUE			
Operating Revenue	6	77,835,305	68,060,363
Grant Income	7	2,209,990	2,295,648
Other Income	8	875,200	638,400
Interest Income	9	912,110	675,653
TOTAL REVENUE		81,832,605	71,670,064
EXPENSES			
Staff costs	10	36,178,665	35,250,641
General and Operations Expense	11	28,009,343	21,136,351
Board Expenses	12	3,338,645	3,790,792
Maintenance Expenses	13	9,407,289	8,182,682
Depreciation and Amortization Expenses	14	2,978,479	3,068,863
Total Expense		79,912,421	71,429,329
PROFIT BEFORE TAX		1,920,184	240,735
Taxation	17	166,517	133,028
PROFIT AFTER TAX		1,753,667	107,707

Tetu Water & Sanitation PLC

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

XV. Statement of Financial Position as at 30 June 2025

ASSETS	NOTES	2024/2025	2023/2024
NON - CURRENT ASSETS		Ksh	Ksh
Property, Plant & Equipment	15	87,125,650	89,688,207
Intangible Asset	16	14,174	17,717
		87,139,824	89,705,924
CURRENT ASSETS			
Trade Receivables	18	29,757,978	25,727,877
Inventories	19	8,132,413	8,889,928
Bank & Cash Balances	20	14,848,220	12,856,611
Short Term Deposits	21	16,158,370	15,374,777
TOTAL CURRENT ASSETS		68,896,981	62,849,193
TOTAL ASSETS		156,036,805	152,555,117
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Retained Earnings	22	35,567,956	33,814,289
Deferred Income	23	78,533,390	80,743,381
CLSG 11	24	8,751,376	8,749,160
TOTAL CAPITAL AND RESERVES		122,852,722	123,306,830
NON-CURRENT LIABILITES			
CURRENT LIABILITIES			
Consumer Deposits	25	16,158,370	15,374,777
Trade Payable	26	15,479,205	12,540,482
Performance Guarantee	27	1,379,991	1,200,000
Tax Payable	28	166,517	133,028
TOTAL CURRENT LIABILITIES		33,184,083	29,248,287
TOTAL EQUITY AND LIABILITIES		156,036,805	152,555,117

The financial statement were approved by the Board of Directors on14/11/2025
and signed on its behalf by:

Managing Director Commercial manager.....Chairperson.....

Symon Wanjau

Antony Ndegwa
ICPAK M/NO: 24716

Wamuyu Gathinji

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

	NOTE	Ordinary Share Capital	Revaluation Reserve	Fair Value	Retained Earnings	Capital Grant WSTF	Capital Development	Total
		Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	
2023/2024								
As at July 1, 2023		-	-	-	33,578,988	-	71,738,952	105,317,940
Capital grant received						8,749,160	11,300,075	20,049,235
Transfer of Amortization from Capital grant							(2,295,646)	(2,295,646)
Profit for the Year		-	-	-	107,707	-	-	107,707
Prior year Adjustment					127,594	-	-	127,594
As at June 30, 2024		-	-	-	33,814,289	8,749,160	80,743,381	123,306,830
2024/2025								
As at July 1, 2024					33,814,289	8,749,160	80,743,380	123,306,829
Deposits for Bank Charges						2,216	-	2,216
Transfer of Amortization from Capital grant							(2,209,990)	(2,209,990)
Profit for the Year					1,753,667			1,753,667
As at June 30, 2025					35,567,956	8,751,376	78,533,390	122,852,722

Tetu Water & Sanitation PLC
Annual Report and Financial Statements for the Year ended June 30, 2025

XVII. Statement of Cash Flows for the Year Ended 30 June 2025

	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		70,142,243	62,953,617
Grants Income		2,209,990	11,300,575
Finance Income		912,110	675,653
Other Income		875,200	638,400
Customer Deposits		782,000	577,000
Total Receipts		74,921,543	76,145,245
Payments			
Staff Costs		36,178,665	35,250,641
General And Operation Expenses		28,009,343	21,136,351
Board Expenses		3,338,645	3,790,792
Maintenance Expenses		9,407,289	8,182,682
Finance Costs			-
Refund Of Customer Deposits		2,500	1,500
Total Payments		76,936,442	68,361,966
Net Cash From/ (Used In) Operating Activities		(2,014,899)	7,783,279
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(412,380)	(11,305,575)
Net Cash From/ (Used In) Investing Activities		(412,380)	(11,305,575)
Cash Flows from Financing Activities			
Proceeds From Borrowings		8,751,376	8,749,160
Repayment Of Borrowings		(3,548,895)	(233,352)
Net Cash From/(Used In) Financing Activities		5,202,481	8,515,808
		2,775,202	4,993,512
Increase/(Decrease) In Cash and Cash Equivalents		2,775,202	4,993,512
Cash And Cash Equivalents At Beginning Of Year		28,231,388	23,237,876
Cash And Cash Equivalents At End of the Year		31,006,590	28,231,388

XVIII. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2024-2025	2024-2025	2024-2025	2024-2025		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Operating Revenue	79,300,000		79,300,000	77,835,305	1,464,695	1.84%
Connection fees	800,000		800,000	768,400	31,600	3.95%
Grants	0		0	-	-	
Finance Income	912,000		912,000	912,110	(110)	0.01%
Sale of Jericans	8,000		8,000	7,800	200	2.5%
House rent	105,600		105,600	99,000	6,600	6.25%
Deferred income	2,200,000		2,200,000	2,209,990	(9,990)	0.45%
Total Revenue	83,325,600		83,325,600	81,832,605	1,492,995	
Expenses						
Staff Costs	36,600,000		36,600,000	36,178,665	421,335	1.15%
Board expense	3,400,000		3,400,000	3,338,645	61,355	1.80%
General Operational expense	27,954,400		27,954,400	28,009,343	(54,943)	0.19%
Maintenance	9,450,000		9,450,000	9,407,289	42,711	0.45%
Depreciation and amortization	3,000,000		3,000,000	2,978,479	21,521	0.72%
Total recurrent expenditure	80,404,400		80,404,400	79,912,421	491,979	
Profit/loss after recurrent	2,921,200		2,921,200	1,920,184	1,001,016	
Capital Expenditure						
Grants	-		-	-		
Others	2,921,200		2,921,200	412,380	2,508,820	
Total Capital Expenditure	2,921,200		2,921,200	412,380	2,508,820	
Total Expenditure	83,325,600		83,325,600	80,324,801		
Profit /loss	0		0	1,507,804		

Tetu Water & Sanitation PLC
Annual Report and Financial Statements for the Year ended June 30, 2025

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	1,507,804
Depreciation (2,978,479-2,209,990)	768,489
Provision for Doubtful debts is non cash item	463,298
Prepayments	35,611
Opening balance	28,231,388
Closing Cash and Cash Equivalent as per the statement of Cash flows	31,006,590

Notes to the Financial Statement

1. GENERAL INFORMATION

Tetu Water And Sanitation PLC is established by and derives its authority and accountability from Water Act 2016 and Company Act 2015. Tetu Water and Sanitation PLC is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The Company's principal activity is to provide water and sanitation services to residence of Tetu and parts of Nyeri Central Sub Counties in Nyeri County.

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, impaired assets at their estimated recoverable amounts and 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 accounting policies.

The Financial Statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Tetu Water & Sanitation PLC.

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

1. Application of New and Revised International Financial Reporting Standards (IFRS)**i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.**

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

(The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....)

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

Title	Description	Effective Date
IFRS 18 Presentation	The objective of IFRS 18 is to set out	The new standard is effective

Tetu Water & Sanitation PLC**Annual Report and Financial Statements for the Year ended June 30, 2025**

Title	Description	Effective Date
and Disclosure in Financial statements	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.	for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

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

iii. Early adoption of standards

(Tetu Water & Sanitation PLC) did not early – adopt any new or amended standards in year under

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

iv. New and amended standards and interpretations in issue and effective in the year ended 30 June 2023.

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. <i>The Company does not issue insurance contracts.</i>	Effective for annual periods beginning on or after 1 st January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. <i>The Company was not affected by the change.</i>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies. <i>No changes have been realised.</i>	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

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

Tetu Water & Sanitation PLC
Annual Report and Financial Statements for the Year ended June 30, 2025

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

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

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

vi. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

vii. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022*

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous; the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

viii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, 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, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application

NOTES TO THE FINANCIAL STATEMENTS (Continues)

i. Early adoption of standards

did not early – adopt any new or amended standards in year 2024/2025

4. SUMMARY OF MATERIAL ACCOUNTING POLICY

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

a. Revenue Recognition

Revenue is recognized when earned to and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of activities, net of value-added tax (VAT), where applicable and when specific criteria have been met for each of the activities as described below.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

- i) **Revenue from the Provision of Water** is recognized in the year in which Provides water and the customer has accepted the commodity and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government and County Government** are recognized in the year in which actually receives such grants.
- iii) **Finance Income** comprises interest receivable from bank deposit invested and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Rental Income** is recognized in the income statement as it accrues using the effective rental agreements.
- v) **Other Income** is recognized as it accrues.

b. In-Kind Contributions

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

c. Property, Plant and Equipment

Property plant and equipment are stated at cost less the accumulated depreciation charged. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised as profit or loss in the income statement.

d. Depreciation and Impairment of Property, Plant and Equipment

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

Depreciation is charged on reducing balance method using the following rates

Pipes	2.5%
Telephone & computers	30%
Office furniture & equipment	12.5%
Plant and equipment	12.5%
Motor bikes and vehicles	25%

A full year's depreciation charge is recognised in the year of asset purchase

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Material Accounting Policies

i) INVENTORIES

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises purchase price, transportation and handling charges, and determined on the weighted average price method

i) PROFIT

The company is limited by guarantee and profit is ploughed back to finance company capital works

e. Intangible Assets

Intangible assets comprise purchased computer software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f. Amortization and Impairment of Intangible Assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software 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 so that the asset is written down immediately to its estimated recoverable amount.

g. Investment Property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the Tetu Water & Sanitation PLC, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

h. Finance and Operating Leases

Leases which confer substantially all the risks and rewards of ownership to the entity are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset. All other leases are treated as operating leases and the leased assets are recognized in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Material Accounting Policies

V) IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* outlines how to account for government grants and other assistance. Government grants are recognized in profit or loss on a systematic basis over the periods in which the recognizes expenses for the related costs for which the grants are intended for compensation, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

i. Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises purchase price, transportation and handing charges, and is determined on the weighted average price method.

j. Trade and Other Receivables

They are recognized and carried at the realizable value less the provision for risk allowance, at currently 10%. Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

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

ix. Current Income Tax (Continued)

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 operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and

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.

x. Deferred Tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Material Accounting Policies

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

i. Deferred tax (Continued)

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.

l) Bank and Cash Equivalents

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

m. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Material Accounting Policies

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

o) Retirement Benefit Obligations

The company operates a defined contribution retirement benefits scheme for its employees (Standard Chartered Bank 1987) and CPF Pension Scheme.

The company also contributes to National Social Security Fund (NSSF) which is a defined contribution scheme. Contributors are determined by local statute as legislated. The company's contributions to the defined contribution schemes are charged to the income and expenditure account in the year to which they relate.

p. Provision for Staff Leave Pay

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

q. Budget Information

The original budget for FY 2025-2026 was approved by the Board of Directors on 24th April 2025. No Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. No additional appropriations are added to the original budget by upon receiving the respective approvals in order to conclude the final budget. Accordingly, did not record additional appropriations.

budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Material Accounting Policies

r. Budget Information (Continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 5 of these financial statements.

s. Service concession arrangements

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, Tetu Water & Sanitation PLC. 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, also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t. Comparative Figures

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

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

a. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 Tetu Water & Sanitation PLC. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

b. Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by Tetu Water & Sanitation PLC.
- 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
- Changes in the market in relation to the asset

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 19.

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. They are recognized and carried at the realizable value less the provision for risk allowance, at currently 10%. Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Operating Revenue

	2024-2025	2023-2024
	ksh	ksh
Water Sales	77,835,305	68,060,363
Total	77,835,305	68,060,363

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Deferred Income	2,209,990	2,295,648
Total	2,209,990	2,295,648

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Sale of Jericans	7,800	2,600
Rental Income	99,000	105,600
New water Connection Fees	768,400	530,200
Total	875,200	638,400

9. Interest Income

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest Income on Savings Account	805,161	623,619
Interest on Performance Guarantee	106,949	52,034
Total	912,110	675,653

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Staff Costs		
Basic Pay	12,340,491	12,103,025
House Allowance	3,885,500	4,038,000
Medical Allowance	0	243,200
Gratuity	1,272,430	1,347,497
Commuter Allowance	1,472,000	1,524,000
Pension	1,232,542	1,159,374
NSSF	1,611,957	495,720
Overtime Allowance	7,200	9,000
Leave Allowance	250,935	249,095
Wages	13,598,938	13,548,177
Staff Welfare	0	115,722
Housing Levy	506,672	417,831
TOTAL	36,178,665	35,250,641
Number of Employees	66	70

11. General and Operations Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Staff Games	674,840	662,495
Staff Training	1,893,575	1,307,820
Escrow Account	3,548,895	233,252
Escrow Account	-	359,751
WASREB	3,113,412	2,722,415
Water resource authority	452,652	472,652
License application	706,950	159,678
Land, Rent & Rates	0	49,350
Fuel & Oil	1,950,000	2,199,327
Catchment Conservation & Social Responsibility	158,000	30,000
Insurance	962,811	980,588
Provision for doubtful & bad debts	463,298	283,943
Water Chemicals	4,367,400	3,178,168
Laboratory Equipment	34,800	15,100
Crop compensation	0	28,545
Uniforms & Occupation Safety Health	375,140	58,500
Laundry & Sanitation	103,913	78,406
Cleaning Materials	2,060	12,185
Printing & Stationery	632,504	365,400
Office expenses	51,695	37,430
Telephone, Internet & Communication	2,687,459	1,901,838
Postage	18,662	29,197
Travelling & Subsistence	589,450	700,400
Electricity	467,469	274,083
Advertisement	485,460	130,584
Newspaper	120	60
Computer & Copier expenses & maintenance	171,528	211,080
Consultation fee (strategic & business plan)	532,483	319,483

Tetu Water & Sanitation PLC

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Transport (Public)	5,300	22,470
Security	1,416,610	1,393,000
Survey & preliminary design works	142,800	210,000
Fire extinguishers	23,362	29,356
Professional fees	216,180	60,000
Membership Subscription	247,550	77,600
Tax expense	7,590	9,240
Corporation Tax	122,338	136,944
Provision For Audit Fee	350,000	350,000
AGM	597,075	1,238,460
Stakeholders	281,000	723,485
Financial Charges	154,962	84,066
Total	28,009,343	21,136,351

12. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Sitting Allowance	1,575,185	1,922,358
Induction & Training	1,763,460	1,868,434
Total	3,338,645	3,790,792

13. Maintenance Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Motor Vehicle Repair	1,158,109	1,144,250
Cold Water Meters	1,360,000	799,000
General Repair & Maintenance	576,105	356,887
Loose Tools	-	69,070
Pipes & Fittings	3,726,702	2,559,885
Casual Wages for Operation & Maintenance	2,389,175	3,253,590
Motor Bike Repair	197,198	-
Total	9,407,289	8,182,682

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Depreciation and Amortization Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Depreciation	2,974,936	3,064,434
Amortisation (Upgrading Quick Water)	3,543	4,429
Total	2,978,479	3,068,863

15. Property, Plant and Equipment for the Year ended 30 June 2025

DETAILS	PIPES	TELEPHONE & COMPUTERS	OFFICE FURNIT URES & EQUIPM ENTS	METERS	MOTOR VEHICLE S & CYCLES	TOTAL
Depreciation Rate	2.5%	30.0%	12.5%	12.5%	25.0%	
Opening Bal At Cost 1/7/2024	94,760,057	4,004,435	751,372	19,904,162	10,576,419	129,996,445
Additions		412,380				412,380
Closing Bal As At 30/6/2025	94,760,057	4,416,815	751,372	19,904,162	10,576,419	130,408,825
DEPRECIATION						
Opening Bal As 1/7/2024	9,866,105	3,726,214	530,686	16,256,036	9,929,198	40,308,239
Period Charge	2,122,349	207,180	27,586	456,016	161,805	2,974,936
Total Depreciation	11,988,454	3,933,394	558,272	16,712,052	10,091,003	43,283,175
N B V As At 30/6/2025	82,771,603	483,421	193,100	3,192,110	485,416	87,125,650

Tetu Water & Sanitation PLC

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

DETAILS	PIPES	TELEPHONE & COMPUTERS	OFFICE FURNITUR ES & EQUIPMEN TS	METERS	MOTOR VEHICLES & CYCLES	TOTAL
Depreciation Rate	2.5%	30.0%	12.5%	12.5%	25.0%	
Opening Bal At Cost 1/7/2023	83,459,982	3,998,935	751,372	19,904,162	10,576,419	118,690,870
Additions	11,300,075	5,500				11,305,575
Closing Bal As At 30/6/2024	94,760,057	4,004,435	751,372	19,904,162	10,576,419	129,996,445
DEPRECIATION						
Opening Bal As 1/7/2023	7,689,337	3,606,976	499,159	15,734,875	9,713,457	37,243,804
Period Charge	2,176,768	119,238	31,527	521,161	215,741	3,064,434
Total Depreciation	9,866,105	3,726,214	530,686	16,256,036	9,929,198	40,308,238
N B V As At 30/6/2024	84,893,952	278,221	220,686	3,648,126	647,222	89,688,207

16. Intangible Assets

	2024/2025	2023/2024
	Kshs	Kshs
Cost	248,000	248,000
At July 1	17,717	22,146
Additions	-	-
Disposals	-	-
Amortization	233,826	230,283
At June 30	14,174	22,146
Amortization	233,826	230,283
At July 1		
Charge for the year	3,543	4,429
Disposals	-	-
At June 30	3,543	4,429
Net book value		
At June 30	14,174	17,717

Tetu Water & Sanitation PLC
Annual Report and Financial Statements for the Year ended June 30, 2025

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.TAX COMPUTATION	2024/2025 KSH	2023/2024 KSH
Profit before tax	1,920,184	240,735
Add		
Depreciation	2,974,936	3,064,434
provision for doubtful & bad debts	463,298	283,943
Provision Audit fees	350,000	350,000
	3,788,234	3,698,377
Less		
Wear and tear allowance	6,644,435	7,336,886
Interest income	912,110	675,653
Rent Income	99,000	105,600
Amortization	2,209,990	2,295,648
	9,865,535	10,413,787
Taxable income / (Losses)		
Accumulated tax loss b/fwd		
	(4,157,117)	(6,474,675)
Adjusted taxable income/(losses)		
Rental Income	99,000	105,600
Tax paid (house rent)	7,590	-10,560
Income	106,590	95,040
Interest Income	912,110	675,653
Rental income	99,000	105,600
Total	1,011,110	781,253
Tax thereon @ 30%	303,333	781,253x30%=234,376
Less		
Withholding tax deducted at source 15%*912,110	136,817	101,348
Advance tax		
Installment Taxes		
Tax payable/(Refundable)	166,517	(133,028)

Tetu Water & Sanitation PLC

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

18. TRADE RECEIVABLES	2024/ 2025	2023/ 2024
Disputed Receivables	19,853,586	19,853,586
Prepayment (Insurance)	520,613	525,319
Prepayment (Telephone)	8,300	500
Prepayment (Fuel & Oil)	0	142,673
Prepayment (Postage)	7,088	7,088
Deposits (Electricity)	40,419	40,419
Customer Unpaid Bills	32,423,954	27,790,976
	52,853,960	48,360,561
Less Provision	(3,242,395)	(2,779,098)
Provision Disputed Receivables	(19,853,586)	(19,853,586)
Sub Totals	29,757,979	25,727,877

18. (a) Trade Receivables

	2024/2025	2023/2024
	Kshs	Kshs
Gross trade receivables	52,853,960	48,360,561
Provision for doubtful receivables	(23,095,981)	(22,632,684)
Net trade receivables	29,757,979	25,727,877

18.(b) Trade Receivables Ageing Analysis

	2024/2025	2023/2024
Less than 30 days	5,356,328	6,441,240
Between 30 and 60 days	3,883,595	3,125,168
Between 61 and 90 days	5,149,729	2,184,174
Between 91 and 120 days	3,041,562	1,808,106
Over 120 days(19,853,586+14,992,740)	34,846,326	34,801,873
Total	52,277,540	48,360,561

19. INVENTORY

	2024/2025	2023-2024
	Ksh	Ksh
Pipes & Water Fittings	6,093,541	8,478,828
Water Chemicals	513,387	411,100
Water Inventory	1,525,485	-
Total	8,132,413	8,889,928

20. CASH AND BANK BALANCE

Current Account	256,173	1,938,019
WSTF Account	142,216	151,628
Performance Guarantee	1,379,991	1,245,614
Escrow Account	3,780,426	233,352
Project Account	8,751,376	8,749,160
M-pesa Account	600	210
Fund A/C	537,438	538,628
Total	14,848,220	12,856,611

21. Short Term Deposits

Savings Account	221,797	111,000
Fixed Account	15,936,573	15,263,777
Total	16,158,370	15,374,777

Detailed Analysis of the Cash and Cash Equivalents

		2024-2025	2023-2024
Financial Institution	Account Number	KShs	KShs
a) Current Account			
Commercial Bank	1101961112	256,173	1,938,019
Sub- Total		256,173	1,938,019
b) On – Call Deposits			
Commercial Banks	1107914752	221,797	111,000
Sub- Total		221,797	111,000
c) Fixed Deposits Account			
Other Commercial Banks	1107914752	15,936,573	15,263,777
Sub- Total		15,936,573	15,263,777
d) Others(specify)			
Performance Guarantee	1261562623	1,379,991	1,245,614
Fund Account	111754556	537,438	538,628
WSTF Deposit	1297074424	142,216	151,628
ESCROW ACCOUNT	1327753871	3,780,426	233,352
PROJECT ACCOUNT	1327754177	8,751,376	8,749,160
M-Pesa	851675	600	210
Sub- Total		14,592,047	10,918,592
Grand Total		31,006,590	28,231,388

22.RETAINED**EARNINGS**

Description	2023-2024	2023-2024
	KSH	KSH
Reserves	33,814,289	33,578,988
Profit for the Period	1,753,667	107,707
Prior year Adjustment	-	127,594
Total	35,567,956	33,814,289

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23.DEFFERED INCOME		
	2024/2025	2023/2024
	KSH	KSH
Bal B/F	80,743,380	71,738,954
Additions	-	11,300,075
Amortizations	(2,209,990)	(2,295,648)
Bal C/d	78,533,390	80,743,381

Year 2023/2024				
Item	Depreciation rate	Amount	Amortization	Balance
Pipeline extension	2.50%	2,765,915	69,148	2,696,767
Computer tables	30%	3,253	976	2,277
Plant & Machinery	12.50%	888,759	111,095	777,664
Motorbikes, motor cycles	25%	15,566	3,892	11,675
Meters	12.5%	907,667	113,458	794,209
Titie WSTF	2.5%	14,006,218	350,155	13,656,063
DWO METERS	12.5%	73,662	9,208	64,454
Titie Treatment works	2.5%	2,780,578	69,514	2,711,064
KeNHA	2.5%	12,632,989	315,825	12,317,164
Couny Government	2.5%	6,573,572	164,339	6,409,233
KURRA	2.5%	12,498,480	312,462	12,186,018
WSTF	2.5%	13,926,484	348,162	13,578,322
VAT COMPANY	2.5%	2,652,664	66,317	2,586,347
Project	2.5%	11,017,573	275,439	10,742,134
TOTAL		80,743,380	2,209,990	78,533,390

24. CONDITIONAL LIQUIDITY SUPPORT GRANT (CLSG 11)

	2024/2025	2023/2024
	KSH	KSH
Opening Balance	8,749,160	-
Grant	-	8,750,000
Deposit for Bank Charges	2,216	
Bank Charges	-	(840)
Closing Balance	8,751,376	8,749,160

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25.CONSUMER DEPOSITS		
	2024-2025	2023-2024
	Ksh	Ksh
Bal B/F	15,374,777	14,797,777
Additions	784,500	578,500
Refund	(2,500)	-1,500
Transfer	1,593	-
Bal B/D	16,158,370	15,374,777

Aging Analysis for Deposits & Refundable

	2024/2025	2023/2024
Under one year	784,500	578,500
1-2 years	578,500	628,500
2-3 years	628,500	774,000
Over 3 years	14,166,870	13,393,777
Total	16,158,370	15,374,777

26. TRADE PAYABLES

Description	2024-2025	2023-2024
	KSH	KSH
Staff Training	150,000	164,100
Pipes & Water Fittings	3,726,702	2,469,096
Escrow Account	-	359,751
Fire Extinguishers	23,362	29,356
Water Chemicals	1,717,380	1,588,968
Lab Equipment	34,800	-
Laundry	61,164	-
Annual General Meetings	130,800	756,420
WASREB Licensing	108,000	0
Customer Meters	1,360,000	799,000
Occupation Safety Health	310,940	-
Motor vehicle Repair	478,000	936,220
Motor Bike Repair	188,778	-
General Repair Maintenance	183,810	-

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Computer Expenses	142,980	-
Board of Directors Emoluments	372,060	44,935
Legal fees	147,000	-
Corporate Social Responsibility	120,000	-
Telephone (Asset)	151,380	-
Loose tools	-	67,070
Security Services	112,000	112,000
Board of Directors Evaluation	-	359,430
Printing & Stationery	216,800	246,000
Strategic Plan & Business plan	532,482	319,482
Water Service Regulatory Board	2,813,412	700,141
Wages	169,800	-
Water Resource Authority	303,186	150,884
Provision For Audit	350,000	350,000
Accrued salaries	1,454,442	2,938,299
Telephone & Internet	119,927	149,330
TOTAL	15,479,205	12,540,482

26a)Trade Payables And Other Payables	2024-2025	2023-2024
	ksh	Kshs
Trade Payables	9,212,835	8,041,407
Accrued expense	1,238,642	851,025
Employees payables	1,848,142	2,938,299
Other payables	3,179,586	709,751
Total	15,479,205	12,540,482

26 b)Trade Payables Aging Analysis

	2024/2025	% of the total	2023/2024	% of the total
Under one year	13,850,762	89.48%	10,042,936	80.08%
1-2 years	1,308,960	8.46%	2,497,546	19.91%
2-3 years	319,483	2.06%	-	
Over 3 years			-	
Total	15,479,205		12,540,482	

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27.PERFORMANCE GUARANTEE		
	2024/2025 KSH	2023/2024 KSH
Performance Guarantee	1,379,991	1,200,000
Total	1,379,991	1,200,000

28. TAX PAYABLE

Tax thereon @ 30%	30%*1,011,110=303,333	781,253x30%=234,376
Withholding tax deducted at source 15%*912,110	136,817	101,348
Advance tax		
Installment Taxes		
Tax payable/(Refundable)	303,333-136,817=166,516	234,376-101,348=133,028

	2024/2025	2023/2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	1,920,184	240,735
Depreciation	2,974,936	3,068,863
Grant Income	(2,209,990)	11,300,575
Working capital changes:	2,685,130	14,610,173
(Increase)/decrease in inventories	757,515	(1,069,686)
(Increase)/decrease in trade and other receivables	(4,030,102)	(2,439,407)
Increase/(decrease) in trade and other payables	2,938,723	(1,817,019)
Increase/(decrease) in Provision for Doubtful Debts	463,298	(283,943)
Increase/(decrease) Deposits and Prepayments	(1,114,051)	(1,083,811)
Increase/(decrease) in Deferred tax	(166,517)	(133,028)
	(1,151,134)	(6,826,894)
Analysis of changes in loans		
Repayment during the year	(3,548,895)	-
	(3,548,895)	
Cash generated from/ (used in) operation	(2,014,899)	7,783,279

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Revaluation Reserve

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

30. Fair Value Adjustment Reserve

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

also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Tetu Water & Sanitation PLC obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.2,160 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

31. Related Party Disclosures

County Government of Nyeri

The County Government of Nyeri is the principal shareholder of the Company, holding 100% of the Company's equity interest.

Other related parties include:

- Parent Ministry
- Tana Water Works Development Agency
- WASREB
- Water Resource Authority
- Key Management
- Board of Directors

32. Financial Risk Management

The company's overall risk management programme focuses on unpredictable changes in the operating environment and seeks to minimize the potential adverse effect of such risks on its performance.

Major types of financial risk that may face the company include:

i) Currency Risk

The company is currently not exposed to currency risk because it does not trade with foreign countries.

ii) Interest Rate Risk

The company has not borrowed money and thus not affected by interest rate risk.

iii) Price Risk

The company does not hold investments that would be subject to price risk hence no exposure to price risk.

iv) Credit Risk

This is the risk that one party will default on his/her contractual obligation resulting in financial loss to the company.

The company measures, monitors and manages credit risk for each receivable.

This risk is primarily attributable to bank balances, trade and other receivables

The amounts presented in the statement of financial position are net of 10% risk allowance estimated by the management based on prior experience and assessment of the current economic environment. The company developed a debt management policy in order to reduce the customer unpaid bills

Credit Risk				
	Total amount	Fully performing	Past due	Impaired
As at 30th June 2024				
Customer Unpaid Bills	27,790,977	13,895,488	13,895,488	19,853,586
Total	27,790,977	13,895,488	13,895,488	19,853,586
Risk Allowance	2,779,098	1,389,548	1,389,548	19,853,586

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NOTES TO THE FINANCIAL STATEMENTS (Continued)				
As at 30th June 2025				
Customer Unpaid Bills	32,423,954	16,211,977	16,211,977	19,853,586
Total	32,423,954	16,211,977	16,211,977	19,853,586
Risk Allowance	3,242,395	1,621,198	1,621,198	19,853,586

Credit Risk (Continued)

i) Liquidity Risk

The company manages liquidity risk by maintaining banking facilities through continuous Monitoring of forecast and actual cash flows. The management has also put in place framework For the management of the company's' short, medium- and long-term funding and liquidity management requirements.

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

	Less than 1 Month	Between 1-3 Months	Over 5 Months	
				Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 Current year				
Trade Payables	1,980,561	770,772	9,789,149	12,540,482
Provisions				
Deferred Income			80,743,381	80,743,381
Total	1,980,561	770,772	90,532,530	93,283,863
At 30 June 2025 Current year				
Trade Payables	1,680,892	822,133	12,976,180	15,479,205
Provisions				
Deferred Income			78,533,390	78,533,390
Total	1,680,892	822,133	91,509,570	94,012,595

33. Incorporation

The Company is incorporated in Kenya under the Kenyan Companies Act 2015 and is domiciled in Kenya.

34. Events after the Reporting Period

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

35. Currency

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

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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
1.	<p>Inaccuracies on the balances and Disclosures in the statement of comparison of budget and actual amounts</p> <p>The statement of comparison of budget and actual amounts reflects original budget and final budget amounts which differ with the original and final approved amounts.</p>	<p>The variance was due to difference in cost classification in the financial statement and the budget.</p> <p>Training expenses were added to general and operation expenses from staff cost expenses thus increasing general and operation costs and a reduction in the staff costs.</p> <p>Increase in maintenance expenses was due to casual wages for operation and maintenance which was budgeted in the</p>	<p>Grace Gathigia</p> <p>Commercial Manager</p>	Resolved	

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		<p>staff cost.</p> <p>For amortization and depreciation there's no movement of cash flow.</p> <p>The amount of Ksh 765,363 was budgeted for revenue expenditure and not capital expenditure.</p> <p>We confirm that we shall be linking our budget projections with the financial reporting template.</p>			
2.	<p>Long Outstanding Trade Receivables</p> <p>The Statement of Financial Position reflects a Net balance of Ksh. 25,727,877 for trade receivables and other receivables as at 30 June, 2024 as disclosed at Note 19 to the Financial Statements. The note further reflects kshs 48,360,561 as gross trade receivables out of which provision for doubtful debts ksh 2,779,098 and disputed receivables of Ksh. 19,853,586 that have been long outstanding and are therefore unlikely to be recovered. In the circumstances, the accuracy, recoverability and completeness of the trade receivables balance of Kshs. 19,853,586 could not be confirmed.</p>	<p>1. The amount of Ksh. 25,727,877 relates to the current Trade receivables, Ksh. 48,360,561 relates to the Gross Receivables. The disputed trade receivables amounting to Ksh. 19,853,586 was 100% provided for. The Company has initiated the process of writing- off the debts through letter reference TEAWASCO/NCG/VOL.3/97 dated 17th September 2024 and letter reference CGN/FEP/8/16/VOL. VII (33) dated 15th October The reason for write off is that identification of those debtors is not possible since most of them are deceased, land sub-division, sale of land and other customers are currently served by other service providers.</p>	Grace Gathiga Commercial Manager	Not Resolved	

3.	<p>Long Outstanding Trade And Other Payables The statement of financial position reflects ksh 12,540,482 in respect of trade and other payables as disclosed in note 26 to the financial statement However the balance includes payables of ksh 2,233,993 to various vendors which have been outstanding for more than one year.in the circumstances the ability of the company to settle debts is doubtful hence the accuracy and completeness of trade and other payables amounting to ksh 12,540,482 could not be confirmed.</p>	<p>The delay in payment of 2022/2023 payables was mainly because the company was unable to attain revenue budget projections. However, the Company has paid and cleared the merchants in relation to pending bills outstanding for more than one Year.</p> <p>The company engaged on the following activities to improve on company budget performance;</p> <ol style="list-style-type: none"> Review the current tariff upward. Increase revenue collection. Reduction of Non-Revenue Water. Initiated part payment agreements for customers with huge water bills. 	Grace Gathigira Commercial Manager	Not Resolved
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<p>OTHER MATTER</p> <p>Non -Revenue Water During the Year under review, the Company produced a total of 1,644,008.64 cubic meters (m3) of water, out of which 1,063,164.00 cubic meters (m3) was sold (billed) to customers a total of 580,844.64 (equivalent to kshs 58,084,400) or approximately 35.6% represented Non- Revenue water. The Un-accounted for water percentage of 35.6% is 16% above the allowable loss of 25% set by the Water Services Regulatory Board (WASREB) Guidelines</p>	<p>RESPONSE CAUSES OF NON- REVENUE WATER</p> <p>1. Dilapidated infrastructure (pipelines, meters and treatment plants); - The Company has three schemes namely; Aguthi scheme that was constructed in the year 1980. Tetu Thegenge scheme was constructed in the year 1970. Titie scheme, which was constructed in the year 1985.</p> <p>2. Weak materials such as asbestos cement pipes. Tetu Thegenge scheme, which was constructed in the year 1970, has a stretch of 15km Asbestos cement pipes used as transmission line.</p> <p>3. Presence of community water project Irrigation projects such as Kaigunji, Zamua, Kinaini and Gaithuri are contributing to water loses through interconnection of pipelines. These interconnections result to illegal connections.</p> <p>The Company has in place a Non-Revenue Water Unit to deal with unaccounted for water losses.</p> <p>a. Capacity Building This programme aims to equip all employees with skills and technical Knowledge in dealing with non-revenue water through company's policy on personal development and achievements, the company has been sponsoring employees in training on non-revenue water management.</p> <p>- Non-revenue Water Management by Ministry of Water Sanitation and</p>	<p>Technical Manager Joshua N. Mumo</p>	<p>Not Resolved</p>
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		<p>Irrigation from 15th to 19th April 2024, at Alba Hotel Meru attended by MD, TM, ICTO and Accounts Assistant.</p> <p>b. Customer focus</p> <ul style="list-style-type: none"> ▪ The company has a direct contact with customers through the meter readers and the customer can call direct through 0713606859. ▪ The company has a service charter that is strategically placed for access by customers both in our offices and website. Our Staff also interact with customers. ▪ Automated company's billing system to enhance efficiency and effectiveness. The company has also introduced Smart phones for meter reading. ▪ This billing system integrates E-billing and pay bill services to our customers through Mpesa, Mpesa PAY BILL NO 851675 or KCB Bank 110196112 for water sales and KCB Bank 1107914752 for deposit. <p>c. Installation of filter media at Titie Treatment Works worth Kshs. 946,000 to purify water and prevent meter blockage and leaks</p> <p>d. Replaced 3.2Kms asbestos cement pipeline with HDPE pipes (High Density Polyethylene) to reduce frequent pipe bursts and underground leakages.</p> <p>e. Have reduced NRW by monitoring the attached District Metering areas.</p> <p>f. The company has been funded by Water Sector Trust Fund to replace old dilapidated lines to reduce technical losses and upgrade the billing system at a cost of Kshs.</p>		
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	<p>17,500,000</p> <p>g. The company have NRW Reduction Water Policy manual</p> <p>h. Tana Water Works Development Agency will be replacing all asbestos cement pipes with HDPE pipes along other works including construction of a modern Treatment works with 10,000m³ capacity per day and a 16 inches diameter pipeline. Treated water will reduce clogging of meters and pipe burst thus reduce NRW. Replacement of 15km asbestos pipe will also reduce frequent pipe burst and leaks.</p>			
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<p>2.</p>	<p>Non-Compliance of the National Cohesion and Integration Act on Ethnicity</p>	<p>The Company is putting effort to achieve the one-third rule of Ethnic Composition through advertisement of management positions through local dairies to widen the scope of getting potential employees from other communities in the Country apart from the local community.</p> <p>Measures in place to ensure compliance with the ethnic diversity requirement.</p> <ul style="list-style-type: none"> • Competitive recruitment by advertising vacant positions in the daily newspaper with a wide circulation to ensure each Kenyan is accorded equal opportunity and the Company's website www.teawasco.co.ke. <p>Obstacles hindering the Company from adhering to the ethnic diversity requirement include: -</p> <ol style="list-style-type: none"> a. The Company inherited most of its staff from both the Ministry of Water and irrigation. b. Lack of interest from the rest of the communities. c. Competition from local communities d. None response from other communities 	<p>Symon Wanjau Managing Director</p>	<p>Not Resolved</p>
<p>3.</p>	<p>Lack of an Approved Salary Structure for Staff</p> <p>The statement of profit or loss & other comprehensive Income for the year reflects staff cost of Kshs. 35,250,641 as disclosed in Note 11 to the financial statements. It was noted during the audit that the salary structure that was used to pay the salaries during the year under review is not approved by the Salary and Remuneration Commission hence there is no</p>	<p>The company carried out job evaluation and a copy of report with job description has been already submitted to Salary and Remuneration Commission waiting for approval.</p>	<p>Symon Wanjau Managing Director</p>	<p>Not Resolved</p>

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basis for the payment of salaries as staff costs could not be confirmed.				
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Appendix IV: Reporting of Climate Relevant Expenditures

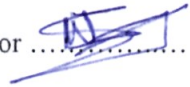
Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Kiandongoro forest	Conservation of Environment	Tree Planting				120,000	Company	County Government of Nyeri

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MD A/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized					Others - must be specific	Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables			
National Government-WSTF CLSG II		Development-Conditional Grant	8,751,376	Statement of Financial Position		Deferred Income				
									8,751,376	
Total			8,751,376						8,751,376	

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Managing Director



Chairperson of the Board



Date.....

14/11/2025

Date.....

14/11/2025

