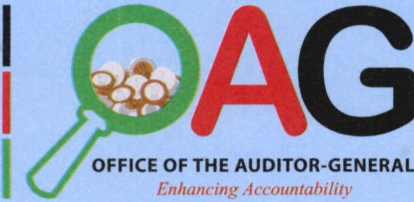
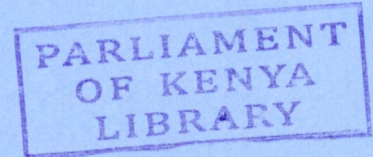


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**TRANS NZOIA COUNTY WATER AND
SANITATION COMPANY LIMITED
(TRANSWASCO)**

FOR THE YEAR ENDED

30 JUNE, 2025

PAPERS LAID	
DATE	26/11/25
TABLED BY	S.M.K
COMMITTEE	-
CLERK AT THE TABLE	Belinda





**TRANS NZOIA COUNTY WATER AND SANITATION COMPANY
LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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Trans Nzoia County Water and Sanitation Company Limited
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1. Acronyms and Glossary of Terms

A. Acronyms

CEO	Chief Executive Officer
DG	Director General
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ICS	Institute of Certified Secretaries
MD	Managing Director
NT	National Treasury
PFMA	Public Finance Management Act.
WASREB	Water Services Regulatory Board
KEWI	Kenya Water Institute
WASPA	Water and Sanitation Providers Association
TRANSWASCO	Trans Nzoia County Water and Sanitation Company Limited

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information

Background information

The Trans Nzoia County Water and Sanitation Company Limited (formerly known as Trans Nzoia County Water and Sewerage Company Ltd) was incorporated on 2nd July, 2020 under Companies Act 2015 and became operational on 1st July, 2024 following declustering of Nzoia Water Services Company Limited. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is headquartered in Kitale town.

Principal Activities

The principal activity of the Company is to provide water and sanitation services to residents of Trans Nzoia County.

Vision

To be the leading water and sanitation services provider in Kenya.

Mission

Enhancing lives through provision of portable water and sanitation services while promoting environmental sustainability.

Core Values

TRANSWASCO is guided by the following core values:

- Teamwork
- Integrity
- Customer focus
- Accountability
- Professionalism
- Innovation and creativity

Directors

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

- | | | | |
|----|----------------------|--------------------------|---------------------------|
| 1. | Chami Jamii Simiyu | - Chairman | - Appointed on 25/03/2024 |
| 2. | Lucy Njeri Gitau | - Ag. Managing Director | - Appointed on 01/07/2024 |
| 3. | Dorothy Nyukuri | - Chief Officer, Water | - Appointed on 01/07/2024 |
| 4. | CPA Emmanuel Masungu | - Chief Officer, Finance | - Appointed on 01/07/2024 |
| 5. | Diana Phanice Lukosi | - Director | - Appointed on 25/03/2024 |
| 6. | Simon Kipkoech Mutai | - Director | - Appointed on 25/03/2024 |
| 7. | Fred Nyongesa | - Director | - Appointed on 25/03/2024 |

Trans Nzoia County Water and Sanitation Company Limited
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Company Secretary

Ruth Khasandi Efedha
P.O. Box 4211 - 30200,
Kitale, Kenya.

Registered Office

Trans Nzoia County Water and Sanitation company Limited,
Along Kitale Endebess Road,
P.O. Box 1503-30200,
Kitale, Kenya.

Corporate Headquarters

Trans Nzoia County Water and Sanitation company Limited,
Along Kitale Endebess Road,
P.O. Box 1503-30200,
Kitale, Kenya.

Corporate Contacts

Telephone: +254 712 680 150
E-mail: info@transwasco.co.ke
Website: <https://transwasco.co.ke>

Corporate Bankers

Equity Bank of Kenya Limited, Kitale Branch
P.O Box 801-30200
Kitale.

KCB Bank, Kitale Branch

P.O Box 1974-30200
Kitale.

Independent Auditor

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

Principal Legal Adviser

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

**Trans Nzoia County Water and Sanitation Company Limited
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3. The Board of Directors

Directors	Details
	<p>Chami Jamii Simiyu - Chairperson (Born 1976)</p> <p>He is an independent director and chairperson of the board. He holds a bachelor's degree in Business Management(Business Leadership) from Moi University. He also hold a diploma in Technical education from KTTTC. He is a Certified Public Accountant of Kenya (ICPAK) and registered member of The Institute of Internal Auditors.</p>
	<p>Diana Phanice Lukosi - Director (Born 10th September 1976)</p> <p>She is an independent director and chair of Finance, Human Resource and Establishment Committee. She holds a masters degree in Project Planning and Management from the University of Nairobi. She also holds executive MBA from Jomo Kenyatta University of Agriculture and Technology. In addition, Director Diana Lukosi holds a bachelor's degree in Economics from the University of Nairobi and Post graduate diploma in Taxation and Audit from KRA Training School.</p>
	<p>Simon Kipkoech Mutai - Director (Born 1967)</p> <p>He is an independent director and chair of Audit and Risk Committee. He holds a Master of Science degree in Maize breeding from Kenyatta University. He also hold a bachelor's degree in Education Science from Kenyatta University. Director Simon Mutai also has a diploma in Education Management and Curriculum Development from KEMI.</p>

**Trans Nzoia County Water and Sanitation Company Limited
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	<p>Fred Nyongesa - Director (Born 18th October, 1967)</p> <p>He is an independent director and chair of Technical Committee. He holds bachelor of Science (Chemistry/Maths) and Master of Science (Chemistry) from the University of Nairobi. He also hold a diploma in Water Governance from Denmark and a certificate in Strategic Leadership from Kenya School of Government.</p>
	<p>Dorothy Nabwala Nyukuri - Director (Born 18th December, 1978)</p> <p>She is the Chief Officer for Water, Environment, Natural Resources and Climate in the County Government of Trans Nzoia. She holds a Master of Science degree in Development Studies from Jomo Kenyatta University. She also hold a bachelor of Arts degree in Sociology and Literature from Egerton University.</p>
	<p>Emmanuel Wafula Masungu - Director (Born 11th May 1984)</p> <p>He is the Chief Officer for Finance and Economic Planning in the County Government of Trans Nzoia. He holds a Masters degree in Business Administration (Finance Option) from Jomo Kenyatta University of Agriculture and Technology. He also hold a bachelor's degree in Business Management (Accounting Option) from Moi University. He is a Certified Public Accountant of Kenya and member of the Institute of Certified Public Accountants of Kenya. In addition, he hold Certificates in Strategic Leadership Development Program (SLDP) and Senior Management Course (SMC) from Kenya School of Government.</p>

**Trans Nzoia County Water and Sanitation Company Limited
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Lucy Njeri Gitau - Ag. Managing director (Born 1972).

She is the acting managing director and secretary to the board. She holds a Masters degree in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology. She also holds a Bachelor of Arts Degree in Economics from Moi University. She is a member of Institute of Economic Affairs (IEA) and an Associate Member of Institute of Credit Management of Kenya (ICM). She is currently undertaking CCP course examined by KASNEB.





Ruth Khasandi Efedha - Ag. Company Secretary (Born 1988)

She is the acting company secretary. She is an advocate of the High Court of Kenya and a Commissioner of Oaths. She hold a bachelor of Law degree from Moi University and Post Graduate Diploma in Law from Kenya School of Law. She is currently undertaking a Master's Degree in Law at the University of Nairobi.

**Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Key Management Team

Managers	Details
	<p>Lucy Njeri Gitau - Ag. Managing director She is the acting managing director and secretary to the board. She holds a Masters degree in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology. She also holds a Bachelor of Arts Degree in Economics from Moi University. She is a member of Institute of Economic Affairs (IEA) and an Associate Member of Institute of Credit Management of Kenya (ICM). She is currently undertaking CCP course examined by KASNEB.</p>
	<p>CPA Ramadhan Kubende Odhiambo - Chief Manager Finance and Administration. He holds a Masters degree in Business Administration (Finance option) and Bachelor of Commerce (Finance option) from Kenyatta University. He is a Certified Public Accountant of Kenya (CPA K) and member of the Institute of Certified Public Accountants of Kenya. Also has a certification in strategic management and leadership from Kenya Institute of Management (KIM). In addition, he has Omega Performance Credit Skills Assessment Certification from Moody's Analytics in collaboration with Chartered Banker Institute. He is currently undertaking Certified Investments and Financial Analyst (CIFA) course and is at advanced level.</p>

**Trans Nzoia County Water and Sanitation Company Limited
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	<p>Eng. Hudson Wanjala Makhanu - Chief Manager Technical Services</p> <p>He holds a Master of Science degree in Civil Engineering (Water Resources) and a Bachelor of Science degree in Civil and Structural Engineering from Masinde Muliro University of Science and Technology. He also hold a High National Diploma in Water Engineering from Kenya Water Institute and Diploma in Water Engineering from The Kenya Polytechnic.</p>
	<p>Felistus Supa Musonye - Supply Chain Manager</p> <p>She holds a bachelor's degree in Business Management (Procurement option) from Mount Kenya University. She is a licensed Supplies Management Practioner and a registered member of Kenya Institute of Supplies Management (KISM).</p>
	<p>Ruth Khasandi Efedha - Ag. Company Secretary (Born 1988)</p> <p>She is the acting company secretary. She is an advocate of the High Court of Kenya and a Commissioner of Oaths. She hold a bachelor of Law degree from Moi University and Post Graduate Diploma in Law from Kenya School of Law. She is currently undertaking a Master's Degree in Law at the University of Nairobi.</p>

5. Chairman's Statement

On behalf of the Board of Directors of Trans Nzoia County Water and Sanitation Company Limited, I am honored to present the first set of audited financial statements of Transwasco for the financial year ended 30th June 2025. This marks a significant milestone in our journey, as the year under review represents our very first year of operation since the company was established.

The inception of Transwasco was guided by the vision "to be the leading water provider in Kenya". During this financial year our focus was on operationalizing the company, setting up governance and administrative structures, and streamlining service provision. We also prioritized compliance with statutory requirements.

As a Board, we are committed to enhance revenue collection, reduce non-revenue water, and expand access to underserved areas. We will also intensify efforts to modernize our systems and strengthen governance frameworks. These measures will ensure that the company remains on a steady path toward long-term sustainability.

On behalf of the Board, I extend my sincere appreciation to the County government of Trans Nzoia, management and staff for their hard work in this formative year, to our customers for their patience and support, and to our partners and stakeholders for their continued collaboration. With unity of purpose, we are confident that Transwasco will grow to be a model water service provider in the years ahead.

Thank you and best wishes.



Chamii Jamii Simiyu
Chairman, Board of Directors.
Trans Nzoia County Water and Sanitation Company Limited

6. Report Of the Managing Director

On behalf of the Management of Trans Nzoia County Water and Sanitation Company Limited, I am pleased to present TRANSWASCO'S key operational performance for the year ended 30th June 2025. This report is a significant milestone for us as a newly established Water Service Provider, reflecting not only our financial performance but also our commitment to building a solid foundation for sustainable service delivery.

The 2024/2025 financial year marked a significant milestone as it was the first year of operation for TRANSWASCO. This financial year was largely dedicated to setting up the institutional, technical and operational frameworks required to deliver our mandate. As a major step towards the entrenchment of customer centric - culture, we continued to enhance our customer service presence through public baraza's and stakeholder engagement. Our role as a Water service provider utility in Trans Nzoia County is critical considering that water and sanitation services are an enabler and key drivers for economic and social development.

Being our inaugural year, we successfully undertook the following key achievements:

- **Operationalization:** Established the core administrative and technical teams necessary for effective water service delivery.
- **Infrastructure Development:** Began rehabilitation and expansion of existing water networks to increase coverage and reliability by procurement of two number pumps at NZOIA plant
- **Compliance:** Prepared our first set of financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by PSASB.
- **Governance:** Put in place policies, controls, and frameworks to ensure transparency, accountability, and sustainability.

We acknowledge that our first year of operation was not without challenges. The most pressing included inadequate and dilapidated infrastructure, Inadequate water supply to meet the ever growing demands, high levels of non-revenue water, high levels of trade receivables. The management is committed to addressing these gaps through resource mobilization from development partners, phased investment in infrastructure, and continuous stakeholder engagement.

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Operational Performance:

- **Financial Summary** - The company realized a total revenue of Kshs 318,139,173.
- **Service delivery** - During the year under review, the company continued to maintain satisfactory levels in service delivery. The water produced was distributed to customers equitably through a rationing program. During the period the average water supply was 18.5 hrs per day in 2024/2025. The Non-Revenue Water stood at 44.9%.
- **Staff development** - During the period, the company continued to improve staff competence in an effort to maintain good service delivery. Employees who are members of various professional bodies were able to attend seminars, workshops and symposiums for the purpose of improving their skills, networking and job satisfaction. Most of our technical staff were trained through programs sponsored by KEWI, WASPA and WASREB. All the staff statutory deductions were timely remitted.

Our Commitment.

Going forward our priority in the coming financial year is to expand water access, invest in strategies to reduce Non-Revenue Water, strengthen financial sustainability through enhanced billing and collection efficiency, and invest in technology for improved service delivery.

Appreciation

I wish to sincerely appreciate the County Government of Trans Nzoia, Water Service Regulatory Board (WASREB), Lake Victoria North Water Works Development Agency (LVNWWDA) for their unwavering support to the company, the Board of Directors for their strategic leadership, our staff for their dedication, and our customers for their trust. These early milestones has been a collective responsibility.

We remain committed to fulfilling our mandate of providing safe, reliable, and affordable water services in line with the Constitution of Kenya 2010, Vision 2030, and the Sustainable Development Goals (SDGs).

Lucy Njeri Gitau,



Managing Director

Trans Nzoia County Water and Sanitation Company Ltd

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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

Trans Nzoia County Water and Sanitation Company Limited has five strategic pillars and objectives within the current Strategic Plan for the FY 2023 - FY 2028. These strategic pillars are as follows:

- i. Sustainability Excellence
- ii. Service Delivery Excellence
- iii. Infrastructure Excellence
- iv. Technology Excellence
- v. People excellence

TRANSWASCO develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on annual basis. The TRANSWASCO achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objectives	Key Performance Indicators	Activities	Achievements
Sustainability Excellence	Ensure a reliable, high-quality water supply for the future.	Water usage and Efficiency	Regular inspections for leaks in pipes and fixtures	Trained staff on non revenue management.
	Meet or surpass environmental standards and protect public trust values.	Proper waste water management	Regular maintenance of waste water plants and network	Ensured proper maintenance of water and waste water treatment plants.
	Ensure Long-Term Financial Stability by managing the finances to meet funding needs and maintain fair and reasonable water tariffs.	Sustainable Revenue collection Effective cost savings	Develop long term financial plans Optimize procurement to minimize expenses	Managed finances properly and met all financial obligations.
Service Delivery Excellence	Maintain and enhance service excellence through continuous improvement.	Response time Resolution time	Define service level agreement. Improve communication	Faster response to customer issues. Introduced toll free number to enhance

**Trans Nzoia County Water and Sanitation Company Limited
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				communication with customers.
Infrastructure excellence	Maintain and improve the infrastructure in a cost-effective manner to ensure sustainable delivery of reliable, high-quality service now and in the future, addressing economic, environmental, and social concerns.	Infrastructure uptime	Regular maintenance of infrastructure.	Reduced service interruption due to increased infrastructure uptime.
Technology Excellence	Implement technologies that improve the efficiency and effectiveness of business processes.	System uptime Innovation	Regular system maintenance	Reduced system downtime. Adopted latest technology e.g Maji APP
People excellence	Create an environment that attracts, retains and engages a high performing diverse workforce in support of the TRANSWASCO'S mission and core values.	Employee engagement and satisfaction. Employee turnover rate	Giving feedback Training Involvement in decision making	Trained most employees. Improved employee morale

8. Corporate Governance Statement

The Board of Directors of TRANSWASCO is responsible for the overall management of the Company and is committed to ensuring that its business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance. The Board is committed to full compliance of all the relevant laws including the Guidelines on Corporate Governance issued by the Regulator, WASREB

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

The Company's Board of Directors are appointed in accordance with the guidelines prescribed by WASREB. The process of appointment of directors is transparent and very competitive. The board comprise of 4 independent directors and two chief officers from County government of Trans Nzoia (i.e Chief Officer for Water, Environment, Natural Resources and Climate Change and Chief Officer for Finance and Economic Planning). The managing director sits in the board as the secretary to the board. Removal of directors is well defined and complies with all relevant provisions of the law. The board is comprised of at least one third of each gender and members are from different professional fields. TRANSWASCO has a Board Charter which outlines powers and responsibilities of the Board and its members, appointment, remuneration, terms of the Board members, conduct of meetings, Committee 'terms of reference, conflict of interest among others. The charter is premised on the Mwongozo's Code and best Corporate Governance Practices.

ii. Roles and functions of the board

The Board of Directors is responsible for the following: -

- Implementation of Memorandum and Articles of Association
- Provision of guidelines and control function of the Company
- Approval of the organization structure and maintenance of staff terms and conditions of service
- Approval of business plans and budgets
- Provision of management guidelines
- Approval of major contracts/projects
- Approval of tariff adjustment
- Prudent investment of funds to ensure continuity of service
- Appointment of Corporate Management Team.

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The Board is responsible for drawing and implementing strategies for the long-term success of the company as well as carrying out the fiduciary duty of monitoring and overseeing the activities of management.

iii. Induction, training and development of board

New board members were taken through elaborate induction program organized by WASREB and county government of Trans Nzoia. All board members were trained in various areas such corporate governance, resource mobilization etc in the financial year ended 30th June 2025.

iv. Board and members' performance

TRANSWASCO acknowledges the need for clarity of roles and responsibilities, teamwork, accountability, decision-making, communication and efficient board operations. This is done through annual Board Evaluation. Board's performance is measured against set performance targets.

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

The Board of TRANSWASCO meets 6 times in one financial year i.e four quarterly meetings and two special meetings.

vi. Succession plan

The board has a well defined succession plan which ensures continuity of governance, leadership stability, and strategic direction for the company. Directors of TRANSWASCO will retire at different times to ensure smooth transition.

vii. Policy to manage conflict of interest.

The Board has a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. They sign conflict of interest register before the start of board meetings.

viii. Board remuneration

By resolution of the Board, each director shall receive a gross pay of Kshs 20,000 as sitting allowance subject to tax of 35% and Kshs 2,000 lunch allowances. The Chairperson of the board receives monthly honoraria allowance of Ksh 65,000 subject to 35% tax. As compensation, the Board shall allocate an amount not more than 2.8% of the total revenue of the company or Kshs 10,000,000 whichever is lower.

ix. Ethics and Conduct

The Board of Directors of TRANSWASCO are committed to the highest standards of integrity, transparency, and accountability in the discharge of its responsibilities. All Board members shall uphold ethical principles that foster trust, good governance, and sustainable value creation for the company and its stakeholders.

x. Governance audit

TRANSWASCO board has an Audit and Governance Committee composed of three directors. The Audit and Governance Committee provides independent evaluation of the company's structures, policies, and practices to determine compliance, effectiveness, and alignment with good governance principles.

xi. Communication policy

The board has a policy which established clear guidelines for internal and external communication by the Board of Directors. The policy ensures accuracy, consistency, confidentiality, and compliance with applicable laws and governance standards.

xii. Terms of Reference of Committees

TRANSWASCO board has three Committees that support the Board in discharging its functions i.e Finance, Human Resource and Establishment committee, Technical Committee and Audit and Governance Committee. Board Committees act on behalf of the Board but cannot usurp full board powers. They may seek external advice at the organization's cost, within approved budgets. All decisions must be ratified by the full Board, except where delegated authority is provided.

xiii. Policy on related party transactions (RPTs)

TRANSWASCO board recognizes that Related Party Transactions may give rise to potential conflicts of interest, perceptions of bias, and risks to the integrity and reputation of the organization. The board shall ensure that;

- All RPTs shall be identified, disclosed, reviewed, and approved in accordance with this policy.
- RPTs shall be conducted at arm's length, in the best interest of the organization, and consistent with market conditions.
- The organization shall avoid any transaction that compromises independence, fairness, or transparency.
- Full disclosure of RPTs shall be made to the Board, shareholders (where applicable), and regulators as required by law.

**Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025**

9. Management Discussion and Analysis

a. Financial Performance.

The company achieved a total revenue of Kshs 318,139,173 against a target of Kshs 376,544,117.00 in the FY 2024/2025. This represents 84.49% achievement of the target.

b. Service Delivery

The following table shows our achievements under this category;

Target Description	Target	Actual	Comments
Water Coverage (%)	39	38	The company's water coverage was at 38% against a target of 39% in the prescribed area of service.
Water quality standards (%)	100	100	The company's water met all the required standards during the year. This was evidenced by external tests conducted at Lake Victoria North Water Works Development Agency.
Non-Revenue Water (NRW) (%)	43	44.36	The set target was not achieved mainly because of our old infrastructure which is prone to bursts and leaks. In addition, the company lost a lot water as a result of destruction of water lines during road grading in the county.
Hours of Supply (Hrs)	19	18.5	The company achieved 18.5 hours against a target of 19 hours. This was as a result of measures put in place that ensured minimum supply interruption.
Metering ratio (%)	100	100	This was achieved as result of company's efforts to ensure availability of water meters during the year.
Collection Efficiency (%)	100	95	The company put in measures to ensure water bills are paid promptly. This explains the 95% collection efficiency.

c. Key projects or investments

The company installed two water pumps at Nzoia Water Treatment plant and procured billing & accounting systems during the FY ended 30th June 2025. In addition, the company initiated a number of projects which are ongoing. The ongoing projects are as listed below;

- Removal Asbestos from offices at Northern Compound.
- Relocation of water lines along Aturkan -Murpus Road.
- Replacement of filter media at Nzoia treatment plant.

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d. Compliance with statutory requirements

The company complied with all statutory requirements during the FY ended 30th June,2025.

e. Future developments

The company has planned to expand Kapolet Water treatment plant so to boost water production that will meet the current demand. The company has also planned to solarize Nzoia Water treatment plant so as reduce cost of electricity.

f. Major risks

The company faced a number of risks in the year which are highlighted below;

- Operational risks i.e high non revenue water and aging infrastructure.
- Financial risks i.e high cost of electricity
- Technological risks i.e cyber security threats

g. Challenges

The following are main challenges faced by the company during the year;

- Lack of adequate water to meet the demand of residents of Trans Nzoia County. The water produced was not adequate to meet the demand thus the company.
- Non Revenue Water. Non revenue water was high compared to industry benchmark.
- Destruction of water lines during road grading in the county.

10. Environmental And Sustainability Reporting

TRANSWASCO is licensed by WASREB as the sole provider of water and sanitation services in Trans Nzoia County. The company's mission is to enhance lives through provision of portable water and sanitation services while promoting environmental sustainability. The company's Corporate Social Responsibility is keen on environment and sustainability and promotes activities such as tree planting in water catchment areas. The policy also promotes environmental clean up initiatives.

i) Sustainability strategy and profile

There are many global political and macroeconomic trends affecting sustainability priorities such as climate change. Some of the global political trends which influence sustainability include;

- a. Climate Change Commitments and Agreement such Paris agreement (2015), COP conferences etc.
- b. Geopolitical Tensions and Resource Security e.g energy security risks
- c. Regulatory pressures e.g Mandatory ESG reporting

The major Macroeconomic trends affecting sustainability include;

- a. Global economic uncertainty e.g inflation and high interest rates.
- b. Green financing and investment e.g Carbon credits
- c. Technological advancements e.g digitization.

Some of international sustainability best practices include;

- a. ESG and reporting standards such as GRI, SASB etc.
- b. Climate and environment frameworks e.g UN SDGs
- c. Social and governance framework e.g UN Global Compact.

TRANSWASCO promotes sustainability through allocation of its contracts local suppliers and contractors. The company gives priority to special groups (Youth and Women) and PWD categories.

ii) Environmental performance

The company has environmental policy that ensures adherence to both local and international environmental laws, regulations and standards. Transwasco complies with environmental permits and licences e.g NEMA licences. The company has also put measures to prevent pollution and uses natural resources effectively. In addition, the company engages various stakeholders on regular basis on the need to conserve environment.

iii) Employee welfare

TRANSWASCO is one of the best employers in the country as it offers equal employment opportunities to all people. The company has a clear policy on recruitment which takes into consideration issues such as gender and People Living With Disability (PWD). The company offers competitive remuneration package and has created a conducive working environment. The Company is committed to ensuring that all the employees are fully supported in their work, have a decent working environment, are fairly rewarded, and maintain a good work-life balance. The Company recognizes staff trade unions that represent and protect their interests. The Company has in place two retirement benefits schemes (LAP Trust Lap Fund and NSSF) for its staff that provides earnings during the retirement period. The company has a medical and accident cover for its staff and is also registered with OSHA. In addition, the Company has put in place many ways to contribute to positive changes to its employees including on-job training, participation at the Water Companies Sports Organization (WASCO) games and bench marking sessions that develop the employees and ensure that the company vision is achieved.

iv) Market place practices-

a) Responsible competition practice.

The company has put in place measures to ensure fairness, integrity, and compliance with legal and ethical standards in competitive business environments. These efforts include;

- Fair bidding and tendering
- Data and confidentiality integrity.
- Compliance with competition laws
- Ethical marketing and advertisement
- Public awareness
- Cashless payment for all services
- Self service APPs

b) Responsible supply chain and supplier relations

TRANSWASCO establishes and maintains responsible supply chain and supplier relations by maintaining good business practices such as integrity, transparency and compliance with relevant laws and standards. The company treats suppliers responsibly by honoring contracts, respecting payment practices and promoting competitive procurement services.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The company ensures that all its advertisements and marketing materials are honest, clear, and not misleading. TRANSWASCO always protect consumers' privacy and personal data when conducting marketing campaigns. The company clearly discloses pricing, terms, and conditions for all its services.

d) Product stewardship or Awareness creation

The company always protect the interests of consumers by complying with health and safety standards, providing adequate on services, resolving customer disputes promptly and ensuring data and privacy protection.

v) Corporate Social Responsibility / Community Engagements

The company engaged in a number of Corporate Social Responsibility initiatives during the year ended 30th June 2025. The company donated water storage tanks to various institutions including Kitale prison. The company also participated in a funds drive to raise school fees for vulnerable children in Waitaluk ward.

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report Of the Directors

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

i) Principal activities

The principal activities of the Trans Nzoia County Water and Sanitation Company Limited are provision of water and sanitation services in Trans Nzoia County.

ii) Results

The results of the company for the year ended June 30, 2025 are set out on pages 1 to 41.

iii) Dividends

The company has not declared dividends for the year ended June 30, 2025 due to the need to reinvest in water infrastructure so as to increase coverage area.

iv) Directors

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

v) Auditors

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

By Order of the Board

Signature 

Name: Ruth Khasandi Efedha

Company Secretary

Date: 14/10/2025

12. 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/period and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

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

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

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

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Approval of the financial statements

The company financial statements were approved by the Board on August 15, 2025 and signed on its behalf by:



Name: Chami Jamii Simiyu
Chairperson of the Board



Name: Lucy Njeri Gitau
Ag. Managing Director

REPUBLIC OF KENYA



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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY WATER AND SANITATION COMPANY LIMITED (TRANSWASCO) 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Trans Nzoia County Water and Sanitation Company Limited (TRANSWASCO) set out on pages 1 to 42, which comprise

Report of the Auditor-General on Trans Nzoia County Water and Sanitation Company Limited (TRANSWASCO) for the year ended 30 June, 2025

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Trans Nzoia County Water and Sanitation Company Limited (TRANSWASCO) 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 Debtors Inherited from Nzoia Water Services Company Limited

The statement of financial position reflects trade and other receivables opening balance as at 1 July, 2024 of Kshs.213,432,381 and closing balance of Kshs.251,703,753 as at 30 June, 2025. The opening balance relates to receivables inherited from the defunct Nzoia Water Services Company Limited. However, there was no documentary evidence including invoices and account statement provided for audit review to support the inherited receivables. In addition, the rate and basis for the provision for doubtful debts amount of Kshs.62,744,474 as shown in Note 19(a) to the financial statements was not disclosed. Further, no evidence was provided to confirm measures or efforts being made by the Management to recover these long outstanding receivables.

In the circumstances, the accuracy, completeness, and recoverability of trade and other receivables balance of Kshs.251,703,753 could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.232,220,755 as disclosed in Note 25 to the financial statements. However, review of the trade and other payables schedules revealed that trade payables amounting to Kshs.191,998,469 that were inherited from the defunct Nzoia Water Services Company Limited were not supported by way of local purchase orders/local service orders, delivery notes, and inspection and acceptance committee certificates.

In the circumstances, the accuracy and completeness of the inherited trade and other payables balance of Kshs.191,998,469 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted receipts of Kshs.376,544,117 against total actual receipts of Kshs.277,085,382 resulting to under-collection of Kshs.99,458,735 or 26% of the budget. Similarly, the statement reflects actual receipts of Kshs.277,085,382 against actual expenditure of Kshs.225,537,655 resulting to under-utilization of Kshs.51,547,727 or 19% of the total receipts.

In the circumstances, the under-collection and under-utilization affected the planned activities and may have negatively impacted service delivery to the public.

My Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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

Compliance With Law on Affirmative Action

The current composition of staff of the water company was ninety-four (94) staff as at 30 June, 2025. Out of the total staff, thirteen (13) or 14% of the staff members were youthful, while twenty-one (21) or 22% of staff members were above fifty (50) years of age. There were no proper mechanisms for smooth succession when the older staff members will reach retirement age. Further, there was no representation from persons with special needs contrary to Article 54(2) of the Constitution which provides that the state shall ensure that at least 5% of the members of the public in elective and appointive bodies are persons with disabilities.

Other Information

The Management is responsible for the Other Information set out on page iii to xxv which comprises of Key Entity Information, the Board of Directors, Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance

Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with the Law on a Third of Basic Salary

The statement of profit or loss and other comprehensive income and as disclosed in Note 9 to the financial statements reflects staff costs amount of Kshs.66,662,901 for the year ended 30 June, 2025. Review of the payroll data established that several employees of the water Company received net salaries that were less than a third of their respective basic salaries for the months tabulated below:

Month	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Number of Employees Receiving Net Pay Less Than a Third of Their Basic Salaries	2	2	6	10	11	14	5	9	13	8	9	7

This was contrary to Section 19(3) of the Employment Act, 2007 states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of

subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

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

The audit was conducted in accordance with ISSAIs 3000 and 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Non-Revenue Water Losses

The statement of profit or loss and other comprehensive income for the year under review reflects operating revenue amount of Kshs.310,715,459 which include water sales amount of Kshs.263,123,316 as detailed in Note 6 to the financial statements. During the year, the Company produced a total of 3,669,674 cubic meters of water at a production cost of Kshs.55 per cubic meter. Out of this, only 2,020,816 cubic meters was distributed and billed to customers. The billed water represents 55.1% of water produced while 44.9% represents non-revenue water as summarized below;

Financial Year	2024-2025
Water Produced (M ³)	3,669,674
Billed Volume (M ³)	2,020,816
Non-Revenue Water Volume (M ³)	1,648,858
Non-Revenue Water (%)	44.9%
WASREB Acceptable Threshold (25% of Water Produced)	917,419
Water above WASREB Acceptable Threshold (M ³)	731,434

The water loss of 44.9% was over and above the WASREB acceptable threshold of 25% by 19.9%. The Management did not provide satisfactory measures put in place so far to reduce the volume of non-revenue water going into the future.

In the circumstances, the Company may have lost sales of approximately 1,648,858M³ of water or Kshs.90,687,190 incurred in production of the non-revenue water.

2. Lack of Policy on Provision for Bad and Doubtful Debts

The statement of profit or loss and other comprehensive income reflects general and operation expenses of Kshs.197,911,185 as detailed in Note 10 to the financial statements. This includes provision for doubtful debts of Kshs.62,744,474 provided for at the rate of 20%. However, the Company has not provided the basis of determining the rate of the provision as required by Paragraph 5.3.4 of Trans Nzoia County Water and Sewerage Company Limited Finance Regulations and Procedures Manual, 2024.

In the circumstances, the adequacy, validity and completeness of the provision for bad and doubtful debts amount of Kshs. 62,744,474 could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

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

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (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

31 October, 2025

Trans Nzoia County Water and Sanitation Company Limited.
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Note	2025
		Kshs
Revenue		
Operating Revenue	6	310,715,459
Other Income	7	7,373,851
Finance income -Accrued interest on FDR	8	49,863
Total Revenue		318,139,173
Expenses		
Staff Costs	9	66,662,901
General and Operations expenses	10	197,911,185
Board Expenses	11	9,930,686
Maintenance Expenses	12	11,280,773
Depreciation and Amortization expenses	13	12,302,165
Total Expenses		298,087,710
Profit/(Loss) Before Taxation		20,051,463
Income Tax Expense @ 30%	14	(6,015,439)
Profit/(Loss) After Taxation		14,036,024
Earnings Per Share	15	2,807
Other Comprehensive Income		
Profit/ (Loss) After Taxation		0
Surplus or deficit on revaluation of PPE		0
Remeasurement of net defined benefit liability		0
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)		0
Total Comprehensive Income for The Year		14,036,024

NB. The company became operational on 1st July, 2024 following declustering of Nzoia Water Services Company Limited. Therefore, there is no comparative year.

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement Of Financial Position As at 30 June 2025

	Note	30 th June 2025	Balances as at 1 st July 2024
		Kshs	
Assets			
Non-current assets			
Property, plant and equipment	16	43,197,948	47,591,949
Intangible assets	17	10,898,713	0
Total non-current assets		54,096,661	47,591,949
Current assets			
Inventories	18	10,613,157	0
Trade and Other receivables	19	251,703,753	213,432,381
Prepayments	20	6,956,432	0
Bank and cash balances	21	51,547,727	0
Total current assets		320,821,069	213,432,381
Total Assets		374,917,730	261,024,330
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	22	100,000	100,000
Profit for the year		14,036,024	0
Capital and Reserves		14,136,024	100,000
Non-current liabilities			
Provisions	23	0	0
Retirement benefits	24	118,552,942	68,925,861
Total non-current liabilities		118,552,942	68,925,861
Current liabilities			
Retirement benefit obligations	24	982,680	0
Trade and other payables	25	232,220,755	191,998,469
Refundable deposits	26	3,009,890	0
Taxation	27	6,015,439	0
Total current Liabilities		242,228,764	191,998,469
Total Equity and Liabilities		374,917,730	261,024,330

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Opening balances for some assets and liabilities as at 1st July 2024 are indicated in the column on the right. Total cash and bank balances as at 30th June, 2025 was Kshs 51,547,727. This includes a fixed deposit of Kshs 3,500,000.

The financial statements were approved by the Board on August 15, 2025 and signed on its behalf by:



Name: Lucy Njeri Gitau

Managing Director



Name: CPA Ramadhan

Kubende Odhiambo

**Chief Manager Finance and
Administration**

ICPAK M/No: 16885



Chami Jamii Simiyu

Chairman of the Board

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2024	22	100,000						100,000
Issue of new share capital								
Revaluation gain								
Transfer of excess depreciation on revaluation								
Deferred tax on excess depreciation								
Fair value adjustment on quoted investments								
Profit for the year					14,036,024			14,036,024
Capital/Development grants received during the year	29(b)						14,500,000	14,500,000
Transfer of depreciation/amortisation from capital fund to retained earnings								
Dividends paid – prior year								
Interim dividends paid – current year								
Proposed final dividends								
At June 30, 2025		100,000			14,036,024		14,500,000	28,636,024

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Note	2025
	28	Kshs
Cash Flows from Operating Activities		
Receipts		
Operating Receipts		248,459,312
Other Income		11,116,180
Customer Deposits	26	3,009,890
Total Receipts		262,585,382
Payments		
Staff Costs	9	66,662,901
General And Operation Expenses		111,925,621
Board Expenses	11	9,930,686
Maintenance Expenses		10,645,477
Total Payments		199,164,685
Net Cash From/ (Used In) Operating Activities		63,420,697
Cash Flows from Investing Activities		
Purchase Of Property, Plant And Equipment (PPE)		(13,886,195)
Purchase Of Intangible Assets		(12,486,775)
Net Cash From/ (Used In) Investing Activities		(26,372,970)
Cash Flows from Financing Activities		
Grant from County Government	29(b)	14,500,000
Net Cash From/(Used In) Financing Activities		14,500,000
Increase/(Decrease) In Cash and Cash Equivalents		51,547,727
Cash And Cash Equivalents At Beginning of Year		0
Effects Of Foreign Exchanges Rate Fluctuations		0
Cash And Cash Equivalents At End of the Year	21	51,547,727

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*						
Receipts						
Operating Revenue	357,744,117	-	357,744,117	248,459,312	109,284,805	69%
Non-Operating Revenue	6,300,000	- 2,000,000	4,300,000	11,116,180	- 6,816,180	259%
Grants	29,949,560	- 15,449,560	14,500,000	14,500,000	-	100%
Refundable Customer deposits			-	3,009,890	- 3,009,890	
Total Receipts	393,993,677	- 17,449,560	376,544,117	277,085,382	99,458,735	74%
Payments						
Staff Costs	94,248,661	1,500,000	95,748,661	66,662,901	29,085,760	70%
Board Expenses	7,250,000	2,750,000	10,000,000	9,930,686	69,314	99%
General and operations Expenses	171,916,396	-32,284,525	139,631,871	111,925,621	27,706,250	80%
Maintenance	11,442,150	- 161,377	11,280,773	10,645,477	635,296	94%
Total Recurrent Expenditure	284,857,207	- 28,195,902	256,661,305	199,164,685	57,496,620	78%
Capital Expenditure Payments	113,149,174	6,733,638	119,882,812	26,372,970	93,509,842	22%
Total Payments	398,006,381	- 21,462,264	376,544,117	225,537,655	151,006,462	60%
Surplus	- 4,012,704		-	51,547,727		

The company did not achieve the target on operating revenue mainly due to frequent supply interruptions that occurred when the water lines were uprooted during road grading. Most parts of the county were affected and it took time to restore supply. Secondly, collections were low in quarter one of FY 2024/2025 because it took time for the company to open a pay bill account. In addition, it took time for the customers to embrace new payment modes of the company.

Trans Nzoia County Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

The company achieved 258.52% of non operating revenue in the FY 2024/2025. This resulted mostly from measures put in place by management such as crackdown on illegal connections among others.

There was under utilization of budget on staff costs at 69.62% in the FY 2024/2025. This is because the company did not recruit new employees as initially planned.

General and operations expense budget was also underutilized at 80.16% because of delayed procurement processes in quarters three and four of FY 2024/2025.

There was under utilization of capital expenditure budget at 22% because most projects where initiated in quarter four of FY 2024/2025 spilled over to FY 2025/2026.

19. Notes To the Financial Statements

1. General Information

Trans Nzoia County Water and Sanitation Company Limited is established by and derives its authority and accountability from Water Act 2016. The Company is wholly owned by the Trans Nzoia County Government and is domiciled in Kenya. The Company's principal activities are provision of water and sanitation services. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

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

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

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

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Notes to the financial statements (continued)

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

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

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

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

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

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

iii. Early adoption of standards

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

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Years	Rates
Buildings and civil works	40	2.5%
Infrastructure works	40	2.5%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Water Meters	8	12.5%
Computers and related equipment	3	33.3%
Intangible Assets	4	25%

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Equipment, container, furniture and fittings	8	12.5%
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A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

e) Intangible assets

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

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

f) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount. The intangible assets are amortised at the rate of 25% per year.

g) Investment property

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

h) Right of Use of Asset

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

i) Biological Assets

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

Summary of Accounting Policies (Continued)

j) Fixed interest investments (bonds)

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

k) Quoted investments

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

l) Unquoted investments

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

m) Inventories

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

n) Trade and other receivables

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

Summary of Accounting Policies (continued)

o) Taxation

i) Current income tax

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

p) Deferred tax

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

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

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

Summary of Accounting Policies (Continued)

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

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

q) Borrowing costs

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

r) Cash and cash equivalents

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

Restricted cash

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

s) Borrowings

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

t) Trade and other payables

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

u) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2024.. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

x) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 16th August, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented on page 5 and 6 of these financial statements.

y) Service concession arrangements

The Company analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Company recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to

whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

z) Comparative figures

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

aa) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

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b) Useful lives and residual values

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

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

c) Provisions

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

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.

6. Operating Revenue

	2025
	Kshs
Water sales	263,123,316
Sewerage Services	47,592,143
Total	310,715,459

7. Other Income

	2025
	Kshs
Billing for other services*	6,593,851
Sale of Tender	0
Fine and penalties	780,000
Rental income	0
Insurance compensation	0
Miscellaneous income (specify)	0
Total	7,373,851

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8. Finance Income

	2025
Description	Kshs
Interest income from treasury bonds	0
Interest income from treasury bills	0
Interest from receivables	0
Interest from Fixed Deposit Account at KCB Bank	49,863
Interest on staff loans	0
Dividends	0
Total	49,863

The company has a fixed deposit of Kshs 3,500,000 at KCB bank, Kitale. The funds were fixed on 19th March 2025 at a rate of 5%. The Fixed Deposit Account had accrued interest for 104 days as at 30th June, 2025. Total accrued interest for 104 days is Kshs 49,863.

9. Staff Costs

Description	2025
	Kshs
Gross Salary and Allowances	51,157,973
Casual workers' Wages	225,472
Medical insurance schemes	4,291,667
Employer's contributions to social security schemes(NSSF)	2,478,516
Employer's contributions to pension schemes	3,258,847
Leave allowance	1,287,496
Gratuity provisions	1,135,158
Staff welfare	2,002,187
Employer's housing levy contribution	766,785
Employer's NITA Levy contribution	58,800
Total	66,662,901
The average number of employees during the year	99

Staff costs are expenses incurred on employees and include salary and allowances paid to staff, wages paid to casual workers and other costs incurred by the company on its staff.

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10. General and Operations Expenses

	2025
Description	Kshs
Chemicals	20,361,847
Reagents	684,982
Electricity	31,686,263
Fuel and lubricants	2,601,630
Bank Charges, penalties and commissions	303,744
Hospitality	2,298,253
Motor Vehicle Insurance	569,140
Internet Connection	538,109
Legal Services	752,800
Postage and courier	176,485
Airtime	522,895
Printing and stationery	2,756,509
Security services	6,092,286
Publicity and advertising	928,777
Licences	108,888
Stakeholders' expenses	983,706
Bonuses	679,300
Donations/CSR	59,045
WASREB regulatory fees	12,897,148
Water Abstraction fee -WRA	11,406,250
LVNWDA levies	300,000
External tests	565,200
Pipes and fittings	12,921,174
Staff Uniforms	667,086
Protective gear	536,095
Pending bills	4,649,887
Bulk sms	602,228
Tools	1,355,632
Non revenue	1,300,410
OSHA	248,350
Training	6,929,609
Sports	295,600
Pre Trading costs	1,017,507
Subscriptions	381,400
Travelling and accommodation	6,988,476
Provision for doubtful debts	62,744,474

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Total	197,911,185
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11. Board Expenses

Description	2025
	KShs
Chairman Honoraria	780,000
Sitting allowances	3,940,823
Induction and Training	1,372,603
Travel and accommodation	3,477,260
Other allowances - Airtime	360,000
Total Board Expenses	9,930,686

12. Maintenance Expenses

Description	2025
	Kshs
Plant and Equipment	2,406,037
ICT Infrastructural networks	383,974
Motor vehicles & Motor cycles	3,890,800
Computer maintenance	414,355
Office Maintenance	334,279
Water infrastructure maintenance	1,676,793
Sewerline repairs	352,550
Renovation of toilets at Nzoia Treatment plant	428,766
Desludging Bidii Ponds	144,220
Renovations of Nzoia Laboratory	1,248,999
Total Maintenance Expenses	11,280,773

13. Depreciation and Amortization Expenses

Description	2025
	KShs
Property, plant, and equipment	8,669,260
Right of Use Assets	0
Intangible assets	3,632,905
Investment property carried at cost	0
Total Depreciation and Amortization	12,302,165

14. Income Tax Expense/(Credit)

Current taxation

	2025
	Kshs
Current taxation based on the adjusted profit for the year at 30%	6,015,439
Current tax: prior year under/(over) provision	0
Current year deferred tax charge	0
Prior year under-provision for deferred tax	0
Total	6,015,439

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

	2025
	Kshs
Profit before taxation	20,051,463
Tax at the applicable tax rate of 30%	6,015,439
Current tax	0
Prior year under-provision	0
Tax effects of expenses not deductible for tax purposes	0
Tax effects of income not taxable	0
Tax effects of excess capital allowances over depreciation/amortization	0
Deferred tax prior year over-provision	0
Total	6,015,439

The company has been in operation for only one financial year hence there are no adjustments on tax.

15. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs.14,036,024 by the average number of ordinary shares in issue during the year i.e 5,000 ordinary shares. There were no dilutive or potentially dilutive ordinary shares as at the reporting date. The earning per share was Kshs 2,807 per share.

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16. (a) Property, Plant and Equipment

Description	Water Pumps - Nzoia T/works	Water meters	Motor cycles	Computers & related equipment	Equipment, container, furniture & fittings	Mobile Phones	Total
Depreciation rate	12.5%	12.5%	25%	33.3%	12.5%	33.3%	
Cost or Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 st July 2024	12,303,982	28,018,205	1,625,448	-	5,644,314	-	47,591,949
Additions	4,625,203	5,000,000	-	722,942	5,535,327	1,144,981	17,028,453
Disposals	-	-	-	-	-	-	0
Transfers/Adjustments	-	-	-	-	-	-	0
Revaluation Adjustments	-	-	-	-	-	-	0
As at 30 th June 2025	16,929,185	33,018,205	1,625,448	722,942	11,179,641	1,144,981	64,620,402
Depreciation And Impairment							0
At 1 July 2024	-	9,547,755	1,219,086	-	1,986,353	-	12,753,194
Depreciation charge for the year	2,116,148	4,127,276	406,362	240,740	1,397,455	381,279	8,669,260
Impairment	-	-	-	-	-	-	0
Transfers/ Adjustments	-	-	-	-	-	-	0
As At 30 th June 2025	2,116,148	13,675,031	1,625,448	240,740	3,383,808	381,279	21,422,454
Net Book Value							0
As at 30 th June 2025	14,813,037	19,343,174	0	482,202	7,795,833	763,702	43,197,948

Notes

1. The cost of water pumps at Nzoia Treatment plant relates to the cost of purchase of pumps by Trans Nzoia County Government at the end of financial year 2023/2024 at Kshs 12,303,982. It also include cost of installation of the pumps of Kshs 4,625,203 incurred during the financial year ended 30th June 2025.

2. The cost of water meters and accumulated depreciation as at 1st July 2024 relates to cost of water meters (and accumulated depreciation) for customers inherited from NZOWASCO as at 30th June 2024. These are customers which were in Kitale region of NZWOWASCO which is now TRANSWASCO.
3. The cost of Motor Cycles and accumulated depreciation as 1st July 2025 is derived from audited financial statements of Nzoia Water Company Limited as at 30th June 2024. All motor cycles owned by Nzoia Water Services Company Limited were in Kitale region and were taken over by TRANSWASCO.
4. The computers and related equipment taken over by TRANSWASCO as at 1st July 2024 had been fully depreciated since they had reached the estimated end of their useful life of three years. The company acquired computers and related equipment of Kshs 722,942 during the reporting period.
5. The cost of equipment, container, furniture and fittings and their accumulated depreciation as at 1st July 2024 are taken at the rate of 51% of cost of furniture, equipment and fittings and accumulated depreciation of NZOWASCO as at 30th June 2024. This as per the agreed upon ratio of sharing assets and liabilities of NZOWASCO by new water entities of Trans Nzoia and Bungoma counties respectively. This is as per the guidelines in NZOWASCO declustering report. The additions under this category comprise of cost of purchase of storage container (Kshs 1,680,000), laboratory equipment (Kshs 3,795,327) and grass cutters (Kshs 60,000)
6. The mobile phones taken over by TRANSWASCO as at 1st July 2024 had been fully depreciated since they had reached the estimated end of their useful life of three years. The company acquired mobile phones of Kshs 1,144,981 during the reporting period.
7. The motor vehicles used by the company in day to day operations are owned by Lake Victoria North Water Works Development Agency. Similarly, water and sewerage infrastructure and some furniture/fittings used by the company are owned by Lake Victoria North Water Works Development Agency. These assets have therefore not been included in the property, plant and equipment of TRANSWASCO.

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Valuation

Valuation was not done in the financial year ended June 30, 2025

16 (b) Property, Plant and Equipment at Cost

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

Item	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Water Pumps	16,929,185	2,116,148	14,813,037
Water meters	33,018,205	13,675,031	19,343,174
Motor cycles	1,625,448	1,625,448	0
Computers and related equipment	722,942	240,740	482,202
Equipment, container, furniture and fittings	11,179,641	3,383,808	7,795,833
Mobile phones	1,144,981	381,279	763,702
Total	64,620,402	21,422,454	43,197,948

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

	Cost or valuation	Normal annual depreciation charge
Motor cycles	1,625,448	25%
Total	1,625,448	

17. Intangible Assets

	2025
	Kshs
Cost	
At July 1, 2024	0
Additions: a. Billing, Accounting & Human Resource Software	14,054,980
b. Website development	476,638
Disposals	-
At June 30, 2025	14,531,618
Amortization	
At July 1 2024	-
Charge for the year @25%	(3,632,905)
Disposals	0

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Impairment loss	0
At June 30, 2025	(3,632,905)
Net book value	
At June 30, 2025	10,898,713

The intangible assets of the company comprise of billing, accounting and human resources software and website.

18. a) Inventories

	2025
	Kshs
Chemicals & Laboratory items	1,982,742
Water fittings and Accessories	5,956,113
Water meters	2,181,500
Stationery and general stores	492,802
Total	10,613,157

18. b) Inventory movement details

Description	2025
	KShs
At the beginning of the year	-
Additional provisions during the year	43,015,842
Recovered during the year	(32,402,685)
Written off during the year	-
Others specify	-
At the end of the year	10,613,157

19. Trade and Other Receivables

	2025
	KShs
Trade receivables (note (19a))	250,977,894
Deposits and prepayments	-
VAT (Value Added Tax) recoverable	-
Staff receivables (note 19 (c))	675,996
Other receivables - Accrued Interest on Fixed Deposit	49,863
Gross trade and other receivables	251,703,753
Provision for bad and doubtful receivables	-
Net trade and other receivables	251,703,753
Analysed as:	

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Short- Term Trade and Other Receivables	56,859,341
Long- Term Trade and Other Receivables	194,844,412

19. (a) Trade Receivables

	2025
	Kshs
Gross trade receivables as at 1 st July, 2024	256,863,027
Increase in receivables during the year	56,859,341
Gross trade receivables as at 30 th June, 2025	313,722,368
Provision for doubtful receivables	(62,744,474)
Net trade receivables	250,977,894
Less than 30 days	21,384,677
Between 30 and 60 days	13,756,510
Between 61 and 90 days	10,581,858
Between 91 and 120 days	8,573,615
Over 120 days	259,425,708
Total	313,722,368

The company inherited Trade receivables of Kshs 256,863,027 from Nzoia Water Services Company Limited as at 1st July, 2024. This is as per the aging list of debtors of Nzoia Water Services Limited (Kitale region, now TRANSWASCO) as at 30th June 2024. The company made provisions of Kes 43,430,646 as at 1st July, 2025. The net Trade receivables as at 1st July 2025 amounted to Kshs 213,432,381. Trade receivables of Trans Nzoia County Water and Sanitation Company Limited as at 30th June 2025 amounted to Kshs 313,722,368. Trade receivables increased by Kshs 56,859,341 in the financial year ended 30th June 2025.

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

Description	2025
	KShs
At the beginning of the year	43,430,646
Additional provisions during the year	19,313,828
Recovered during the year	-
Written off during the year	-
At the end of the year	62,744,474

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19. (c) Staff Receivables

	2025
	Kshs
Gross staff advances	1,024,912
Provision for impairment loss	0
Net staff advances	1,024,912
Less: Amounts due within one year	(348,916)
Amounts due after one year	675,996

20. Prepayments

Description	2025
	Kshs
Medical Insurance	6,008,333
Motor Vehicle Insurance	780,009
Motor Vehicle Fuel	168,090
Total	6,956,432

The company has a medical cover of Kshs 10,300,000 and motor vehicle insurance of Kshs 1,337,159. The two policies became effective on 1st February 2025. The policies had been in operation for 5 months as at 30th June 2025. The unexpired premiums constitute prepayment for insurance. The company also prepaid fuel by Kshs168,090 as at 30th June,2025.

21. Bank and Cash Balances

	2025
	Kshs
Cash at bank	19,210,450
Cash in hand	0
Mobile money account	32,337,277
Total	51,547,727

Cash at bank includes a short term deposit of Kshs 3,500,000 held at KCB bank, Kitale branch. The funds were fixed on 19th March 2025 for one year at the rate of 5%.

Mobile money account refers to the company's Mpesa collection account for Pay bill number 0260260.

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Detailed analysis of the cash and cash equivalents

		2025
Financial institution	Account number	KShs
a) Current account		
Equity bank - Collections A/C	0330285487377	9,844,675
Equity bank - Operations A/C	0330285532776	2,574,878
KCB Bank - Meter deposit A/C	1332980279	1,720,264
KCB Bank - Material deposit A/C	1333012047	1,569,328
KCB Bank - Collections A/C	1333012330	1,305
Sub- total		15,710,450
b) On – call deposits		
N/A		0.00
Sub- total		0.00
c) Fixed deposits account		
KCB Bank		3,500,000.00
Sub- total		3,500,000.00
d) Others(specify)		
Cash in transit		0
Cash in hand		0
Mobile money account		32,337,277
Sub- total		32,337,277
Grand total		51,547,727

22. Ordinary Share Capital

	2025
	Kshs
Authorized:	
5,000 Ordinary shares of Kshs. 20 par value each	100,000
Issued and fully paid:	
Ordinary shares of Kshs. par value each	-

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23. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs	Kshs	KShs	KShs	KShs
Balance at the beginning of the year	2,170,484	950,000	2,000,000	-	5,120,484
Additional Provisions	-	-	-	-	0
Provision utilised	(1,287,496)	(679,300)	(1,135,158)	-	(3,101,954)
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	882,988	270,700	864,842	-	2,018,530

Provisions details

Description	2025
	Kshs
Current Portion of Provisions	5,120,484
Long-term portion of Provisions	-
Total	5,120,484

24. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2025
	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	982,680	-	-	982,680
Non-current benefit obligation	118,552,942	-	-	118,552,942
Total	119,535,622			119,535,622

Current benefit obligation relates to contributions to NSSF, Lapfund and Laptrust that were outstanding as at 30th June 2025. A breakdown is given below;

NSSF - Kshs 468,592
Lapfund - Kshs 412,476
Laprust - Kshs 101,612

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Non current benefit obligation relates to obligations taken over by the company from Nzoia Water Services Company Limited as at 1st July 2024. This is 51% of total outstanding benefit obligations of Kshs 135,148,748 as at 30th June 2024 as per audited financial statements of Nzoia Water Services Company Limited for the year ended 30th June 2025. It also include accumulated penalties on benefit obligations since the date of operationalization of TRANSWASCO on 1st July, 2025. The sharing ratio of Asset and Liabilities of Nzoia Water Services Company Limited between Trans Nzoia County Water entity and Bungoma County Water entity is 51% to 49% respectively as per the declustering report recommendations.

25. Trade and Other Payables

	2025
	Kshs
Trade payables	40,222,286
Employee payables	-
Other payables - Trade payables from NZOWASCO	61,484,106
Due to related parties	91,750,993
Customer deposits - Nzowasco	38,763,370
Total	232,220,755

Aging Analysis for Trade and other Payables

	2025	% of the total
Under one year	40,222,286	17.32%
Above one year	191,998,469	82.68%
Total	232,220,755	100%

Other payables relate to 51% of trade payables of Nzowasco of Kshs 120,557,071 as per the audited financial statements of Nzowasco for the year ended 30th June 2024. This figure might change depending on the recommendations of Nzowasco declustering transition committee on sharing of trade payables.

Amount due to related parties includes 51% of outstanding levies and regulatory fees owed to Lake Victoria North Water Works Development Agency, Water Services Regulatory Board, Water Resources Authority and County governments of Trans Nzoia and Bungoma by NZOWASCO as at 30th June 2024. The total outstanding dues to related parties as at 30th June 2025 was Kshs 179,903,907. The customer deposit is recorded at 51% of refundable customer deposits of NZOWASCO(Kshs 76,006,608) as at 30th June 2025.

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26. Refundable Deposits and Prepayments

	2025
	Kshs
Customer deposits	3,009,890
Prepayments by customers	0
Retention/Contract deposits	0
Others	0
Total	3,009,890

Aging Analysis for Refundable Deposits and Prepayments

	2025	% of the total
Under one year	3,009,890	100%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
Total	3,009,890	100%

27. Taxation

	2025
	Kshs
At beginning of the year	-
Income tax charge for the year	6,015,439
Under/(over) provision in prior year/s	-
Income tax paid during the year	-
At end of the year	6,015,439

28. Notes to The Statement of Cash Flows

	2025
	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations	
Profit or loss before tax	20,051,463
Depreciation	8,669,260
Amortization	3,632,905
(Gain)/loss on disposal of property, plant and equipment	-

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	2025
	Kshs
Operating profit/(loss) before working capital changes	32,353,628
Working capital changes:	
Increase in inventories	(10,613,157)
Increase in trade and other receivables	(56,859,341)
Increase in trade and other payables	40,222,286
Increase in retirement benefit obligations	58,317,281
Cash generated from/ (used in) operation	63,420,697
(b) Analysis of changes in loans	
Balance at beginning of the year	-
Receipts during the year	-
Repayments during the year	-
Repayments of previous year's accrued interest	-
Foreign exchange (gains)/losses	-
Accrued interest	-
Balance at end of the year	-
(c) Analysis of cash and cash equivalents	
Short term deposits	-
Cash at bank	51,547,727
Cash in hand	0
Balance at end of the year	-
(d) Analysis of interest paid	
Interest on loans	-
Interest on bank overdraft	-
Interest on lease liabilities	-
Interest on loans capitalised	-
Balance at beginning of the year	-
Balance at end of the year (note 35(b))	-
Interest paid	-
(e) Analysis of dividend paid	

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	2025
	Kshs
Balance at beginning of the year	-
2024 dividends paid	-
2024 dividends paid	-
2024 interim dividends paid	-
Balance at end of the year	-
Dividend paid	-

Other Disclosures

29. Related Party Disclosures

County Government of Trans Nzoia

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

Other related parties include:

- The County Department in charge of Water
- Lake Victoria North Water Works Development Agency
- Water Services Regulatory Board (WASREB)
- Water Resources Authority (WRA)
- Water Sector Trust Fund (WSTF)
- Key management staff
- Board of directors
- Consumers.

Transactions with related parties

	2025
	Kshs
a) Sales to related parties	
Rent Income from govt. agencies	-
Water sales to Govt. agencies	-
Interest income from Govt Commercial Banks	-
Interest income from T-bills and Bonds	-
Others (Specify)	-

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	2025
	Kshs
Total	-
b) Purchases from related parties	
	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. agencies	-
Bank charges paid to Govt Commercial banks	-
Interest expense to investments by other govt. entities	-
Others (specify)	-
Total	-
b) Grants from the Government	
Grants from National Govt Agencies	-
Grants from County Government of Trans Nzoia	14,500,000
Donations in kind	0
Total	14,500,000
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	-
Payments for goods and services for related party	-
Total	-
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

30. Financial Risk Management

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

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(i) Credit risk

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

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

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

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

(ii) Liquidity risk management

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

b) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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

iv) Capital Risk Management

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

31. Incorporation

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

32. Events After the Reporting Period

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

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20. Appendices

Appendix 1: progress on follow up of auditor recommendations.


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

Name LUCY NJERI GITAU

Signature 

Managing Director

Date 14/10/2025

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Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	-	-	-	-	-	-
2	-	-	-	-	-	-

No projects funded by development partners were implemented in the FY 2024/2025.

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A						

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Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity : County Government of Trans Nzoia

Name of Beneficiary entity: Trans Nzoia County Water and Sanitation Company Limited

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2025.					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
TRNS/03/04/2025	03/04/2025		14,500,000	14,500,000	Funds received
Total			14,500,000	14,500,000	

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

Head of Accounts Department - Disbursing Entity:
 Name Emmanuel Masungu Sign [Signature] Date 14/10/2025

Head of Accounts Department - Beneficiary Entity:
 Name Ramadhan Kubele Sign [Signature] Date 14/10/2025

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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		
N/A									

There was no expenditure on climate projects.

Appendix V: Reporting Disaster Management Expenditure

Date:

Entity:

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

There was no expenditure on disaster management.

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Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
County Government of Trans Nzoia	03/04/2025	Development	14,500,000	0	14,500,000	0	0	0	14,500,000
Total			14,500,000	0.00	14,500,000	0.00	0.00	0.00	14,500,000