

REPUBLIC OF KENYA



REPORT

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ON

TETU WATER AND SANITATION PLC

FOR THE YEAR ENDED
30 JUNE, 2026

PAPERS LAID	
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TETU WATER AND SANITATION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2026

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

Tetu Water and Sanitation Plc
Annual Report and Financial Statements for the year ended June 30, 2026

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2. Acronyms and Glossary of Terms

A. Acronyms

WASREB	<i>Water Services Regulatory Board</i>
ICPAK	<i>Institute of Certified Public Accountants of Kenya</i>
IFRS	<i>International Financial Reporting Standards</i>
MD	<i>Managing Director</i>
PFMA	<i>Public Financial Management Act</i>
PSASB	<i>Public Sector Accounting Standards Board</i>
WASREB	<i>Water Services Regulatory Board</i>
CPA (K)	<i>Certified Public Accountants of Kenya</i>
CPS	<i>Certified Public Secretaries</i>
CIFA	<i>Certified Investment and Financial Analyst</i>
IHRM	<i>Institute of Human Resource Management</i>
KEWI	<i>Kenya Water Institute</i>
CHRP	<i>Certified Human Resource Practitioner</i>
FKIM	<i>Fellow of Kenya Institute of Management</i>
TWWDA	<i>Tana Water Works Development Agency</i>
WSTF	<i>Water Services Trust Fund</i>
CSLG	<i>Conditional Support Liquidity Grant</i>
KTDA	<i>Kenya Tea Development Agency</i>
GIS	<i>Geographical Information System</i>
FHA	<i>Finance, Human Resource and Administration</i>
MAA	<i>Memorandum and Articles of Association</i>
BOD	<i>Board of Directors</i>
SHIF	<i>Social Hospital Insurance Fund</i>
NSSF	<i>National Social Security Fund</i>
CPF	<i>County Pension Fund</i>
MDA	<i>Management Discussion and Analysis</i>
NRW	<i>Non- Revenue Water</i>
CSR	<i>Corporate Social Responsibility</i>
IAS	<i>International Accounting Standards</i>
IASB	<i>International Accounting Standards Board</i>
KRA	<i>Kenya Revenue Authority</i>
ICS	<i>Institute of Certified Secretaries</i>
CECM	<i>County Executive Committee Member</i>
ICT	<i>Information, Communication and Technology</i>
TEWASCO	<i>Tetu Water and Sanitation PLC</i>

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the Tetu Water and Sanitation PLC financial resources.

Comparative Year- Means the prior period.

3. Who we are.**Background information**

The Company was incorporated under the Companies Act (Cap.486) on 13th April 2006 as a company limited by Guarantee (Certificate of Incorporation for the Company No.C.124262). The Company's mandate is to provide Water and Sanitation Services in Tetu Sub- County and parts of Nyeri Central Sub-County in Nyeri County. The Company is wholly owned by the County Government of Nyeri in line with Water Act 2016. Through Water Act 2016 which outlines Water as a devolved service, the Company changed its name to Tetu Water and Sanitation PLC thus becoming a Public Limited Company through certificate Number PLC-P8S73K dated 30th May 2024 under the Companies Act 2015.

No of Shares

➤ CECM-Water Irrigation Environment and Climate Change	-1 Share
➤ CECM-Finance and ICT	-1 Share
➤ COUNTY SECRETARY	-1 Share
➤ COUNTY GOVERNMENT OF NYERI	- 4,997 Shares
Total	5, 000 Shares

Principal Activities

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

Vision

The vision of Tetu Water Sanitation PLC is to be the most efficient and effective Water Service Provider in rural Kenya.

Mission

To ensure provision of affordable, reliable and sustainable water and sanitation services by developing facilities and conserving the water catchments areas in collaboration with other stakeholders.

Core objectives

- To expand and improve on water services infrastructure and coverage within the service provision area
- To be customer focused in the provision of efficient water services
- To manage and reduce Non-revenue water to the industry benchmark
- To create awareness on sanitation and conservation services within the service provision area

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- To ensure that the company is financially sound.
- To ensure professionalism and legal compliances in all aspects of the company management
- To improve Human Resources Capacity
- To develop and operationalize policies by addressing cross cutting issues in compliance with relevant Acts

Assurance and Audit

Tetu Water Sanitation PLC applies a combined assurance model to enhance the reliability of this report.

Assurance is provided through:

- Management reviews
- Internal audit assessments overseen by the Board Audit, Risk, and Compliance Committee
- External audit of financial statements by the Office of the Auditor-General (OAG)

Legal, Compliance, and Corporate Governance Audits are conducted biannually to ensure adherence to applicable laws, regulations, and governance standards. The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of Tetu Water Sanitation PLC performance, strategy, and value-creation approach.

Company Secretary

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

Registered Office

Kamakwa Nyeri Central Sub-County Water Office
P.O. Box 1089- 10100
Nyeri.

Corporate Headquarters

Kamakwa Nyeri Central Sub-County Water Office
P.O. Box 1089- 10100
Nyeri.

Corporate Contacts

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

Corporate Bankers

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

Entity 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

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4. Chairman's Statement

The Financial Year 2025/2026 was a year with a difference, a year in which we were confronted by many challenges, but emerged more resilient and successful.

The macroeconomic landscape in the year was challenging characterized by depressed economies, disposable incomes in the whole world continued to decline resulting to reduced consumers spending. This greatly constrained our volumes and hindered growth in turnover during the year under review. However, despite the very difficult economic conditions, we are proud of the results we achieved. The Company water billing increased from Ksh 77,835,305 to Ksh. 82,500,115 for the financial year 2024/2025 and 2025/2026 respectively.

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

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

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

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



WAMUYU GATHINJI

CHAIRPERSON –TEWASCO.

5. Report of the Managing Director

Water Sector Reforms

One of the main principles of the Water Act 2002 was that water services were managed at the lowest level possible. In line with this principle, the Ministry of Water and Irrigation transferred the provision of water services to Water Services Board now Tana Water Works Development Agency with effect from July 2005. The Water Act 2002 stipulates that the Service Boards shall contract agents, known as water service providers, for provision of water services. The Company is wholly owned by the County Government of Nyeri in line with Water Act 2016, which outlines Water as a devolved service. The Company has a new name Tetu Water and Sanitation PLC thus becoming a Public Limited Company through certificate Number PLC-P8S73K dated 30th May 2024 under the Companies Act 2015.

History and Legal Establishment

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

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

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

In view of the above, the company is working closely with Tana Water Works Development Agency, Constituency Office-Tetu, Sub County Water Office and County Government of Nyeri in fulfilling our core mandate.

Infrastructure Development

Tana Water Works Development Agency is funding the construction of Tetu Aguthi bulk water project at a cost of 680,000,000 the project is ongoing and it also involve replacing of 15km asbestos cement pipeline with HDPE Pipes and also construction of office block at Wamagana which is the Headquarter of Tetu Sub-County

Project Proposal

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

Staff

The company has 67 employees. The ultimate goal is to make the Company an enterprising water organisation.

Challenges

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

The challenges include:

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

Conclusion

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

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Gratitude

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



S. W. WANJAU

MANAGING DIRECTOR

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6. Corporate Governance Statement

Part A: Board of Directors profiles:

Ref		Qualifications
1.		Wamuyu Gathinji BSc Degree (Geology) and a certificate in Waste water Engineering Technology, a Registered Lead Expert (E.I.A.E. A) with the Environmental Institute of Kenya (EIK) working as an Environmentalist with Sino Hydro Corporation Limited, an International Road Construction Company commissioned by KENHA to construct Mau Mau roads in Tetu Sub- County. Pursuing MSc Environmental Engineering at Jomo Kenyatta University of Agriculture Technology.
2.		Mr Isaac Njoroge Nderitu Animal health and production specialist. Also has a BBA,Mppm And PHD finalist in Governance and leadership.
3.		Mr. William Ndirangu Wamuyu Bachelor degree in development studies, Certificate in Information, Communication and Technology for Development. Certificate in Business Process Outsourcing Training of Trainers Course
4.		Ms. Mary Wangui Wambugu Bachelors of Education, Diploma in Education Management, Certificate in Primary Teacher Education (PTE).
5.		Mr. Joe Gethi Mwai Bachelor of Education and Guidance Psychology, a teacher. Chief Officer in the Department of Gender, Youth, Sports and Social Services in County Government of Nyeri.
6.		Dr. Joshua Ndungu Bachelor of Science in Medical Biochemistry
7.		Ms. Patricia Wainuku Githinji Bachelor of Business Administration, Human resource Management

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8.		Dr. Nancy Njeri Njaramba Bachelor of Business Administration, Marketing Doctor of Philosophy
9.		Mr. Bernard Kiama Kariuki Lecturer in Chemistry (Analytical) MSc Analytical and Environmental Chemistry (JKUAT) Bachelors in Education Sciences (CUEA) O Level Chief Officer Water, Irrigation, Environment and Climate Change.
10.		Symon W. Wanjau- Managing Director K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, He is a member of Institute of Certified accountant of Kenya (ICPAK) Institute of public secretaries of Kenya (CIFA), and institute of certified Investment Finance Analyst.
11.		FCPS- Richard Gikuihi Kiana- Company Secretary He is a member of ICPS (K) registration Certificate No R/NO 285 from ICPSK. He is secretary for various public institutions and a member of FKIM. He holds other directorships in public institutions

Part B: Management Profile

Ref	QUALIFICATIONS AND MAIN AREA OF RESPONSIBILITY	
1.		Symon W. Wanjau- Managing Director K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, He is a member of Institute of Certified accountant of Kenya (ICPAK) Institute of public secretaries of Kenya (CIFA), and institute of certified Investment Finance Analyst. He is responsible for Planning Directing Coordinating and Controlling the Operation of the Company. Effective management of the company to ensure achievement of its set goals and objectives.
2.		Veronica Wanjiku Wanjugu-Human Resource & Admin Manager K C.S.E, Bachelor's degree in commerce- Human Resource Management option Member of Institute of Human Resource Management(IHRM) Pursuing Human Resource Professional (CHRP) More than five years working experience Responsible for coordinating all administrative activities related to the Organisations personnel.
3.		Anthony Ndegwa Githae- Internal Auditor K.C.S.E, Bachelor's degree in Commerce-Finance option, CPA (K) and Registered with ICPAK. He ensures the Company assets are safeguarded and resources efficiently utilized. He also liaises with the External Auditors to facilitate the process of easy flow of successful Audit.

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4.		Julia Wangai-Commercial Manager K.C.S.E, Bachelor's degree in Commerce-Finance option, CPA (K) and Registered with ICPAK. She ensures the Company assets are safeguarded and resources efficiently utilized She ensures that all the financial resources of the company are well managed, prudently invested, fully accounted for and reported efficiently. Ensures continuous improvement of administration and accounting systems in the company
5.		David Nderitu Munga-Technical Manager K.C.S.E, Bachelor's degree in Civil and Structural Engineering (UON) Member of Engineers' Board of Kenya (EBK)and Institution of Engineers of Kenya (IEK) Pursuing (MBA) Project and Construction management. Responsible for production of quality water to customers, operate and maintain existing water infrastructure, ensure efficient and effective provision of water and sanitation services to meet consumer needs.
6.		FCPS- Richard Gikuhi Kiana- Company Secretary He is a member of ICPS (K) registration Certificate No R/NO 285 from ICPSK. He is secretary for various public institutions and a member of FKIM. He holds other directorships in public institutions

Part C: Governance arrangements

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

TEWASCO is committed to ensuring compliance with the provisions of Water Act 2016 and Operating License from WASREB among other regulatory and supervisory corporate governance requirements. During the year, the BOD of the company scheduled and to meet eight times to deliberate and make resolutions on general business of the company. The BOD had additional meetings on need basis to discuss, resolve and implement key agenda that would not have been implemented in the ordinary business of the Company as follows; Nyeri County Public Investments Committee invitation, Board meeting County Government of Nyeri, Induction of the new Board. Finance Human Resource and Administration Committee (FHA), Technical Committee and Audit, Risk and Assurance Sub-Committees.

BOD MEETINGS 2025/2026		
DATE	MEETING DESCRIPTION	NO. OF MEMBERS
16/07/2025	SPECIAL FULL BOARD MEETING	7
28/07/2025	AUDIT COMMITTEE MEETING	3
28/07/2025	FHA COMMITTEE MEETING	2
01/08/2025	FULL BOARD MEETING	6
07/08/2025	FULL BOARD MEETING	10

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14/10/2025	AUDIT COMMITTEE MEETING	3
16/10/2025	TECHNICAL COMMITTEE MEETING	3
21/10/2025	FHA COMMITTEE MEETING	2
5/11/2025	FULL BOARD MEETING	8
14/01/2026	AUDIT COMMITTEE MEETING	3
16/01/2026	FHA COMMITTEE MEETING	3
16/01/2026	TECHNICAL COMMITTEE MEETING	2
06/02/2026	FULL BOARD MEETING	9
15/04/2026	AUDIT COMMITTEE MEETING	3
16/04/2026	TECHNICAL COMMITTEE MEETING	3
17/04/2026	FHA COMMITTEE MEETING	3
30/04/2026	FULL BOARD MEETING	8
18/05/2026	FULL BOARD MEETING	8

Succession Planning

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

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

Roles and Functions of the BOD

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

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

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

Induction and Training

During the year 2025/2026 that is under review, Induction of the Board of Directors was held from 15th to 19th September 2025.

Conflict of Interest

During the financial year ended June 30th, 2026 all the interests declared by BOD members are registered in the Conflict of Interest register during committee meetings including Full BOD.

Board Remuneration

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

Ethics and Conduct

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

The Board of Directors is constituted into the following committees:

1. Finance, Human Resource and Administration Committee (FHA)
2. Technical Committee
3. Audit, Risk and Assurance Committee

By order of the Board

For and on its behalf



Date 27/07/2026

7. Financial Performance Overview

FY 2025/2026 Financial and Operational Performance Report

1. Revenue

Statement of comprehensive income reflects the following incomes for financial year 2025-2026;

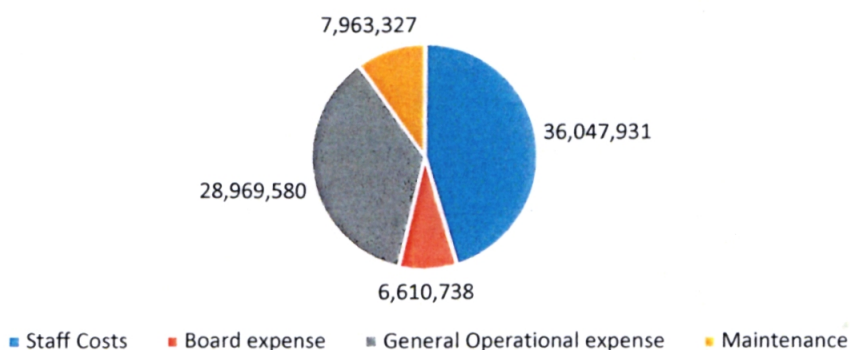
<i>Nature of Revenue</i>	<i>Amount</i>
<i>Operating Revenue</i>	<i>82,500,115</i>
<i>Other Income</i>	<i>990,950</i>
<i>Interest income</i>	<i>439,696</i>
<i>Total Revenue</i>	<i>83,930,761</i>

2. Expenditure

- Expenditure for FY 2025/2026 was as follows;*

<i>Expenses</i>	<i>2025-2026 (Kshs)</i>
<i>Staff Costs</i>	<i>36,047,931</i>
<i>Board expense</i>	<i>6,610,738</i>
<i>General Operational expense</i>	<i>28,969,580</i>
<i>Maintenance</i>	<i>7,963,327</i>
<i>Depreciation</i>	<i>4,177,507</i>
<i>Total recurrent expenditure</i>	<i>83,769,083</i>

Recurrent Expenses



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3. Revenue and Expenditure per Budget Estimates

<i>Description</i>	<i>Original budget</i>	<i>Adjustments</i>	<i>Final budget</i>	<i>Actual on comparable basis</i>	<i>Performance difference</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	<i>a</i>	<i>b</i>	<i>C=a+b</i>	<i>d</i>	<i>e= c-d</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Receipts					
Operating Revenue	83,500,000		83,500,000	79,015,639	4,484,361
Connection fees	1,000,000		1,000,000	907,500	92,500
Grants	17,500,000		17,500,000	15,876,911	1,623,089
Finance Income	450,000		450,000	439,696	10,304
Sale of Jericans	1,000		1,000	800	200
House Rent	60,000		60,000	79,200	19,200
Total Revenue	102,511,000		102,511,000	96,319,746	
Expenses					
Staff Costs	36,410,000		36,410,000	36,047,931	362,069
Board expense	7,000,000		7,000,000	6,610,738	389,262
General Operational expense	32,434,000		32,434,000	28,969,580	3,464,420
Maintenance	8,667,000		8,667,000	7,963,327	703,673
Total recurrent expenditure	84,511,000		84,511,000	79,591,576	
Profit/loss after recurrent					
Capital Expenditure					
Others	500,000		500,000	668,760	168,760
Grant	17,500,000		17,500,000	15,876,911	1,623,089
Total Capital Expenditure	18,000,000		18,000,000	16,545,671	
Total Expenditure	102,511,000		102,511,000	96,137,247	
Profit /loss	0		0	182,499	

Revenue variance explanation

- Sale of jericans- We had 5 jericans for sale each at Kshs 200. However, one jericana was realized to have defects thus not sold.
- The actual income for house rent increased to high demand of houses from staff.

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Expenditure variance explanation

- *The overutilization of general operational expense was due to reallocation of board allowances from strategic plan vote to board expenses which had been wrongly classified in the budget*

4. Assets and liabilities of the Tetu Water and Sanitation PLC

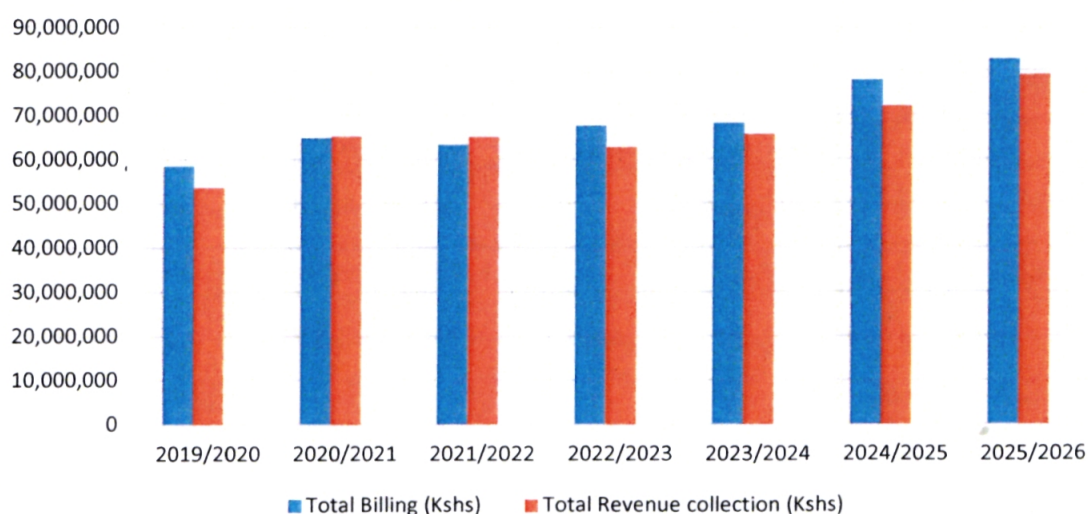
The financial position of the Tetu Water and Sanitation PLC is supported by a substantial asset base that enables efficient service delivery, while its liabilities represent financing and operational obligations necessary for sustaining and expanding water infrastructure. Effective management of assets and liabilities enhances the company's financial stability and its capacity to provide reliable water services to customers.

5. Multi-Year Operational and Financial Performance (7 Years)

There an upward trend of growth of revenue and billing as follows;

Year	Total Billing (Kshs)	Total Revenue collection (Kshs)
2019/2020	58,491,846	53,532,527
2020/2021	64,785,843	65,112,620
2021/2022	63,211,898	64,958,137
2022/2023	67,509,912	62,683,965
2023/2024	68,060,363	65,536,427
2024/2025	77,835,305	71,944,132
2025/2026	82,500,115	79,015,639

Revenue and billing representation



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6. Key Projects and Investment Decisions

Tana Water Works Development Agency is funding the construction of Tetu Aguthi bulk water project at a cost of 680,000,000 the project is ongoing and it also involve replacing of 15km asbestos cement pipeline with HDPE Pipes and also construction of office block at Wamagana which is the Headquarter of Tetu Sub-County

7. Risk Analysis and Statutory Compliance

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

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
(i)	Inadequate resources	Medium	• Documentation and reporting on resource utilization. • Increase generation and collection efficiency
(ii)	Staff turnover	Low	• Build Capacity-Trainings, Personal development • Improvement of working environment • Commendation letters and certificates
(iii)	Consumers with huge debts	High	• Negotiate with customers on Part payment modalities • Timely disconnection of defaulters to manage accumulation of debts • Debt policy
(iv)	Climate Change	High	• Build storage facilities • Participation in Conservation of the environment • Create public awareness on water conservation.
(v)	Corruption	Low	• Good corporate governance • Building strong ethical practices • Enforce/ invoke the law
(vi)	Irrigation, boreholes and wells	Medium	• Creation of public awareness • Provision of reliable treated water supply.
(vii)	Safety of valves installations	Medium	• Secure the valves by cementing. • Sensitize the community on the need of ownership • Securing the Storage tanks by fencing and locking them.
(viii)	Non-delivery of procured goods	Low	• Enhance Tender evaluation committee • Proper record keeping for both received and issued goods

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			• Re-tendering of goods
(ix)	Communication breakdown	Medium	• Enhance communication through improving medium /channels of communication • Regular open staff meetings • Cultivate the good culture through sticking to the chain of command.
(x)	Evaluation of overall risks	Medium	• Set the performance targets

The company is in compliance with statutory requirements; there were no arrears in statutory and other financial obligations

8. Economic and Sector Outlook

During the year, the company experienced the following challenges during the implementation of financial management process;

Area of operation	Challenges	Interventions
Low Economic Power	Less revenue was increased in disconnected connections	• Engaging in friendly terms of payment of water bills e.g. part-payment
Climate Change	Billing and revenue was affected	• Proposal writing has been done to preserve water during the rainy season to be used during the dry season
Road Construction	Interrupted water supply and increased Non-Revenue Water	• Rerouting of all the pipelines from the marked areas of the road construction earlier before the contractors destroy the pipes. • Repairing the destroyed pipes immediately to mitigate water loss

Tetu Water and Sanitation Plc
Annual Report and Financial Statements for the year ended June 30, 2026

8. Statement of Performance against Predetermined Objectives for FY 2025/2026

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Metering	100% metering	Increase Revenue	Metering programme Procured customer meters 1,000 No Worth Kshs 1,900,000.	100%
Revenue Collection	95% and Above	Meet obligations when they fall due.	Collection efficiency	93%
Billing	100%	Increase Revenue	Utilization of smart phones for meter reading for efficiency and automating them with GIS.	100 %
Non-Revenue Water	Reduce NRW	To attain the sector Benchmark of below 25%	1. Procurement of meters for new water connection and replacing malfunctioning ones. 2. Operationalisation of NRW unit. 3. Application of GIS in mapping our infrastructure network. 4. Training and bench marking with other companies.	Attained 34% NRW.
Water Coverage Area	Increase area of water service coverage	To attain 100% coverage	Pipeline Extensions This was achieved through New Water Connections in the Company for the year.	Attained 94%

9. Environmental and Sustainability Reporting

i) Sustainability strategy, risk management, and profile

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

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

ii) Environmental performance

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

iii) Employee welfare

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

Tetu Water and Sanitation Plc
Annual Report and Financial Statements for the year ended June 30, 2026

iv) Market place practices

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

The company registered with Office of the Data Protection Commissioner (ODPC) as a data controller to ensure customer data and privacy protection

v) Corporate Social Responsibility / Community Engagements

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

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

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

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

- Public participation on project proposals
- Stakeholders Conferences
- Conservation of catchment areas
- Demonstrating and encouraging rain water harvesting
- Customer clinic days
- The company planted 20,000 No trees seedlings at Kiandongoro and Zaina forest.

Tetu Water and Sanitation Plc
Annual Report and Financial Statements for the year ended June 30, 2026

10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2026 which show the state of the company's affairs.

i) Principal activities

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

ii) Results

The results of the company for the year ended June 30, 2026 are set out on page 1-5

iii) Dividends

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

iv) Directors

The members of the Board of Directors who served during the year are shown on page V. In accordance with Regulation 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 to carry out the audit of the Company for the year ended June 30, 2026 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Richard Gikuhi Kiana

Company Secretary

Date: 27/07/2026

11. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (ended on June 30, 2026. 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)

Tetu Water and Sanitation Plc
Annual Report and Financial Statements for the year ended June 30, 2026
Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2026 and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The company financial statements were approved by the Board on 27/07/ 2026 and signed on its behalf by:



.....
Name: Wamuyu Gathinji
Chairperson of the Board



.....
Name: Symon Wanjau
Managing Director

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TETU WATER AND SANITATION PLC FOR THE YEAR ENDED 30 JUNE, 2026

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, Cap.412A, and the Public Audit Act, Cap.412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tetu Water and Sanitation PLC set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2026, and the statement of profit or loss and other comprehensive income,

Report of the Auditor-General on Tetu Water and Sanitation PLC for the year ended 30 June, 2026

statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amount 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, Cap. 416B. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tetu Water and Sanitation PLC at 30 June, 2026 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap. 486, Water Act, Cap.372 and the Public Finance Management Act, Cap.412A.

Basis for Qualified Opinion

Unsupported and Unreconciled Trade and Other Receivables Balance

As previously reported, statement of financial position reflects trade and other receivables balance of Kshs.29,215,702 net provisions for doubtful and disputed receivables of Kshs.20,147,863 as disclosed in Note 18(a) to the financial statements. Detailed review of the records revealed that the balance of Kshs.20,147,863 includes a balance of Kshs.16,908,917 in respect to disputed receivables. This balance had decreased from Kshs.19,853,586 in the preceding financial year. However, documentation or evidence of the disputing parties and reasons on why the amount was considered disputed were not provided for audit review.

Further, Note 18 (c) to the financial statements reflects a balance of Kshs.49,298,374 as gross trade receivables which include receivables totalling Kshs.33,722,017 which have been outstanding for over one hundred and twenty (120) days and appear unrecoverable.

In addition, although Management provided a policy to support the provision for doubtful receivables the aspect of disputed receivables was not included in the policy hence the balance was not assessed or impaired for bad and potentially unrecoverable debts.

In the circumstances, the accuracy, completeness and recoverability of the balance of Kshs.29,215,702 in respect to trade receivables could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, the Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Company in 2025/2026 revealed that the following issues remained unresolved:

No.	Financial Year	Audit Issue
1	2024/2025	Long Outstanding Trade Receivables
2	2024/2025	Unsupported Provision for Disputed Trade Receivables
3	2024/2025	High Non- Revenue Water
4	2023/2024	Non-Compliance with the Law on Staff Ethnic Representation and Persons with Special Needs
5	2023/2024	Non-Compliance with the One-Third of Basic Salary Rule

Other Information

Management is responsible for the Other Information set out on page iv to xxvi which comprise of the Company Information, Chairman's Statement, Report of the Managing Director, Corporate Governance Statement, Financial Performance Overview, Statement of Performance Against Predetermined Objectives and, Environmental and Sustainability Reporting. 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 THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Non-Compliance with the Law on Staff Ethnic Representation and Persons with Special Needs

As previously reported, the Company has seventy-two (72) staff members out of which sixty-nine (69) or 96% of the staff members were from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, Cap. 7N. In addition, out of seventy-two (72) staff members, the Company had one employee with disability representing approximately 0.01% of the total employees, which was significantly below the statutory requirement of 5% as stipulated in Section 21(2)(a) of the Persons with Disabilities Act, No.4 of 2025.

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

2.0 Non-Compliance with the One-Third of Basic Salary Rule

The statement of profit or loss and other comprehensive income reflects staff cost of Kshs.36,047,931 as disclosed in Note 10 to the financial statements. Review of payroll records revealed that three (3) employees had their net salaries falling below a third of their basic pay contrary to Section 19(3) of the Employment Act, Cap. 226, which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

3.0 High Non- Revenue Water

As previously reported, the statement of profit or loss and other comprehensive income reflects operating revenue of Kshs.82,500,115 which, as disclosed in Note 6 to the financial statements relates to water sales. However, review of water records revealed that the Company produced water amounting to 1,266,600 cubic meters (M³) during the year under review, out of which only 835,691 cubic meters (M³) was billed to customers resulting to 430,909 cubic meters (M³) valued at Kshs.33,325,670 as unaccounted for

water or approximately 34% of the total volume of water produced, stagnating at the same level of 34% reported in the previous year, This was above the recommended maximum of 25% as per the requirements of Water Services Regulatory Board (WASREB). No verifiable explanation was provided for the high percentage of unaccounted-for water. The amount of Kshs.33,325,670 in respect to Non-Revenue Water could have improved service delivery to the public.

The significant level of Non-Revenue Water may be an indication of inefficiency and ineffectiveness in the use of public and water resources, which may negatively impact on the Company's profitability and its ability to sustain services.

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

4.0. Non-Compliance with Personnel Emoluments Threshold

The statement of profit or loss & other comprehensive income and as disclosed in Note 10 to the financial statements reflect staff costs amount of Kshs.36,047,931 representing 43% of the total expenditure of Kshs.83,769,083, which is higher than the recommended ratio of 40% for medium companies as per (Water Services Regulatory Board)WASREB guidelines on corporate governance 2018 Sec 3.9(10) which provides that states that, when fixing remuneration of the staff the total expenditure for each financial year must not exceed the benchmarks set for the services sector by nationally, so that personnel cost as share of operations and maintenance cost shall be contained within the parameters of Medium companies (40%).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, Cap. 412B, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, Cap.486, 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 Directors' report on page xxiv to xxvi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page one (1) has been properly prepared in accordance with the Companies Act, Cap.486.

Basis for Conclusion

The Companies Act, Cap.486 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, Cap.412B.

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, Cap. 412B 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, Cap.412B. 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, Cap. 412B.

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

27 August, 2026

Report of the Auditor-General on Tetu Water and Sanitation PLC for the year ended 30 June, 2026

Tetu Water and Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2026

13. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2026

	Note	2025/2026	2024/2025
		Kshs	Kshs
Revenue			
Operating Revenue	6	82,500,115	77,835,305
Grants Income	7	-	2,209,990
Other Income	8	990,950	875,200
Interest income	9	439,696	912,110
Total Revenue		83,930,761	81,832,605
Expenses			
Staff Costs	10	36,047,931	36,178,665
General and Operations expenses	11	28,969,580	28,009,343
Board Expenses	12	6,610,738	3,338,645
Maintenance Expenses	13	7,963,327	9,407,289
Depreciation and Amortization expenses	14	4,177,507	2,978,479
Total Expenses		83,769,083	79,912,421
Profit/(Loss) Before Taxation		161,678	1,920,184
Income Tax Expense/(Credit)	15	89,715	166,517
Profit/(Loss) After Taxation		71,963	1,753,667

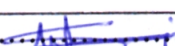
Tetu Water and Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2026

14. Statement of Financial Position as at 30 June 2026

	Note	2025/2026	2024/2025
		Kshs	Kshs
ASSETS			
Non-current assets			
Property, plant and equipment	16	95,544,649	87,125,650
Intangible assets	17	3,963,339	14,174
Total non-current assets		99,507,988	87,139,824
Current assets			
Trade Receivables	18	29,215,702	29,757,978
Inventories	19	6,697,348	8,132,413
Bank and Cash Balances	20	12,197,819	14,848,220
Short Term Deposits	21	17,115,702	16,158,370
Total current assets		65,226,571	68,896,981
Total Assets		164,734,559	156,036,805
EQUITY AND LIABILITIES			
Capital and Reserves			
Retained Earnings	22	39,031,562	35,567,956
Deferred Income	23	91,018,658	78,533,390
CLSG 11	24	1,669,877	8,751,376
Capital and Reserves		131,720,097	122,852,722
Non-current liabilities		-	-
Current liabilities			
Consumer Deposits	25	17,115,702	16,158,370
Trade Payable	26	14,429,054	15,479,205
Performance Guarantee	27	1,379,991	1,379,991
Tax Payable	28	89,715	166,517
Total current Liabilities		33,014,462	33,184,083
Total Equity and Liabilities		164,734,559	156,036,805

The financial statements were approved by the Board on 27/07 2026 and signed on its behalf by:

		
Name: Wamuyu Gathinji	Name: Symon Wanjau	Name: Julia Wangai
Chairman of the Board	Managing Director	Head of Finance
		ICPAK Member Number:36014
Date <u>27/07/2026</u>	Date <u>27/07/2026</u>	Date <u>27/07/2026</u>

Tetu Water and Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2026

15. Statement of Changes in Equity for the Year Ended 30 June 2026

	Notes	Ordinary share capital	Revaluati on reserve	Fair value adjust ment reserve	Retained earnings	Capital Grant WSTF	Capital/ Development Fund	Total
2024/2025								
As at July 1, 2024					33,814,289	8,749,160	80,743,380	123,306,829
Deposits for Bank Charges						2,216	-	2,216
Transfer of Amortization from Capital grant							(2,209,990)	(2,209,990)
Profit for the Year					1,753,667			1,753,667
As at June 30, 2025					35,567,956	8,751,376	78,533,390	122,852,722
2025/2026								
As at July 1, 2025					35,467,956	8,751,376	78,533,390	122,752,722
Share Capital					100,000			100,000
Additions							16,545,271	16,545,271
Deposits for Bank Charges						9,000		9,000
Bank Charges						(1,376)		(1,376)
Amortization					3,391,643			3,391,643
Grant top up for the year						7,126,911		7,126,911
Expenditure						(14,216,034)		(14,216,034)
Profit for the Year					71,963			71,963
As at June 30, 2026					39,031,562	1,669,877	95,078,661	135,780,100

Tetu Water and Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2026

16. Statement of Cash Flows for the Year Ended 30 June 2026

	Note	2025/2026	2024/2025
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		79,015,639	70,142,243
Grants Income		15,876,911	2,209,990
Finance Income		439,696	912,110
Other Income		990,950	875,200
Customer Deposits			782,000
Total Receipts		96,323,196	74,921,543
Payments			
Staff Costs		36,047,931	36,178,665
General And Operation Expenses		28,969,580	28,009,343
Board Expenses		6,610,738	3,338,645
Maintenance Expenses		7,963,327	9,407,289
Refund Of Customer Deposits			2,500
Total Payments		79,591,576	76,936,442
Net Cash From/ (Used In) Operating Activities		16,731,620	(2,014,899)
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(11,605,671)	(412,380)
Purchase of software		(4,940,000)	-
Net Cash From/ (Used In) Investing Activities		(16,545,671)	(412,380)
Cash Flows from Financing Activities			
Proceeds From Borrowings		1,669,877	8,751,376
Repayment Of Borrowings		(3,548,895)	(3,548,895)
Net Cash From/(Used In) Financing Activities		(1,879,018)	5,202,481
Increase/(Decrease) In Cash and Cash Equivalents		(1,693,069)	2,775,202
Cash And Cash Equivalents At Beginning Of Year		31,006,590	28,231,388
Cash And Cash Equivalents At End of the Year		29,313,521	31,006,590

Tetu Water and Sanitation PLC

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17. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2026

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/e %
Receipts						
Operating Revenue	83,500,000		83,500,000	79,015,639	4,484,361	5.37%
Connection fees	1,000,000		1,000,000	907,500	92,500	9.25%
Grants	17,500,000		17,500,000	15,876,911	1,623,089	9.27%
Finance Income	450,000		450,000	439,696	10,304	2.29%
Sale of Jericans	1,000		1,000	800	200	20.00%
House Rent	60,000		60,000	79,200	19,200	32.00%
Total Revenue	102,511,000		102,511,000	96,319,746		
Expenses						
Staff Costs	36,410,000		36,410,000	36,047,931	362,069	0.99%
Board expense	7,000,000		7,000,000	6,610,738	389,262	5.56%
General Operational expense	32,434,000		32,434,000	28,969,580	3,464,420	10.68%
Maintenance	8,667,000		8,667,000	7,963,327	703,673	8.12%
Total recurrent expenditure	84,511,000		84,511,000	79,591,576		
Profit/loss after recurrent						
Capital Expenditure						
Others	500,000		500,000	668,760	168,760	33.75%
Grant	17,500,000		17,500,000	15,876,911	1,623,089	9.20%
Total Capital Expenditure	18,000,000		18,000,000	16,545,671		
Total Expenditure	102,511,000		102,511,000	96,137,247		
Profit /loss	0		0	182,499		

Revenue variance explanation

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- Sale of jericans- We had 5 jericans for sale each at Kshs 200. However, one jerican was realized to have defects thus not sold.
- The actual income for house rent increased to high demand of houses from staff.

Expenditure variance explanation

- The underutilization of general operational expense was due to reallocation of board allowances from strategic plan vote to board expenses which had been wrongly classified in the budget.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	182,499
1.	Funds not received from water sector trust fund	(1,623,089)
2.	Prepayments	(255,929)
3.	Provision for Doubtful Debts	3,450
	Opening balance	31,006,590
	Closing Cash and Cash Equivalent as per the statement of Cash flows	29,313,521

18. Notes to the Financial Statements

1. General Information

Tetu Water and Sanitation PLC is established by and derives its authority and accountability from Water Act 2016 and Companies Act 2015. The Company is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The Company's principal activity is to provide water and sanitation services to residents of Tetu and parts of Nyeri Central Sub-Counties. 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 Tetu Water and Sanitation PLC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 5a*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Tetu Water and Sanitation Plc, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2016, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

a) Basis of measurement

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid, or the fair value of the consideration given to acquire them at the time of acquisition, plus directly attributable transaction costs. Liabilities are recorded at the amount of consideration received to assume the obligation, less transaction costs incurred when the liability was assumed.

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For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, Tetu Water and Sanitation PLC uses market-to-observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Entity using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Tetu Water and Sanitation PLC accounting policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. This policy is consistently applied to transfers into and out of each level.

b) Use of Estimates

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 judgment in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5a of these financial statements

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 2026.*

Title	Description	Effective Date
Amendments to IAS 21	Provides guidance on assessing currency exchangeability and determining exchange rates when a currency cannot be exchanged.	1 st January 2025

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026.*

Title	Description	Effective Date
Amendments to IFRS 9 and IFRS 7	Provides clarification for ESG linked financial assets and introduces electronic payment derecognition.	1 st January 2026
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: 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 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
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	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

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Title	Description	Effective Date
	relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	
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.

iii. Early adoption of standards

Tetu Water and Sanitation PLC did not early – adopt any new or amended standards in the financial year

Notes to the financial statements (continued)

4. Material Accounting Policy Information

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) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- v) Other income** is recognized as it accrues.

b) 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.

c) 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 reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

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

A full year's depreciation charge is 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.

d) 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

e) 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.

f) 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.

g) 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.

h) 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.

i) Deferred tax

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized in profit or loss. 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.

j) 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.

k) 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.

l) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees and CPF Pension Scheme for contractual employees. 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.

m) 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.

n) Budget information

The original budget for FY 2025/2026 was approved by the Board of Directors on 30th May 2026. 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 Cash Flows has been presented under section page xvii of these financial statements.

o) 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.

p) Comparative figures

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

q) 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, 2026.

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. They are recognized and carried at the realizable value less the provision for risk

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

Notes to the financial statements (continues)

6. Operating Revenue

	2025-2026	2024-2025
	Kshs	Kshs
Water sales	82,500,115	77,835,305
Total	82,500,115	77,835,305

7. Grants Income

	2025-2026	2024-2025
	Kshs	Kshs
Deferred income	-	2,209,990
Total	-	2,209,990

8. Other Income

	2025-2026	2024-2025
	Kshs	Kshs
Sale of Jericans	800	7,800
Rental income	79,200	99,000
New water Connection Fees	907,500	768,400
Decrease in provision for doubtful debts	3,450	-
Total	990,950	875,200

9. Interest Income

	2025-2026	2024-2025
Description	Kshs	Kshs
Interest Income on Savings Account	439,696	805,161
Interest on Performance Guarantee	-	106,949
Total	439,696	912,110

10. Staff Costs

	2025-2026	2024-2025
Description	Kshs	Kshs
Basic Pay	12,374,240	12,340,491
House Allowance	3,689,800	3,885,500
Gratuity	1,460,009	1,272,430
Commuter Allowance	1,386,400	1,472,000
Pension	1,169,814	1,232,542

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Description	2025-2026	2024-2025
	Kshs	Kshs
NSSF	1,794,783	1,611,957
Overtime Allowance	5,100	7,200
Leave Allowance	225,051	250,935
Wages	13,423,737	13,598,938
Housing Levy	518,997	506,672
TOTAL	36,047,931	36,178,665
Number of employees during the year	67	66

11. General and Operations Expenses

Description	2025-2026	2024-2025
	Kshs	Kshs
Staff Games	2,082,523	674,840
Staff Training	2,618,087	1,893,575
Escrow Account	3,548,895	3,548,895
Water Service Regulatory Board	3,300,005	3,113,412
Water resource authority	1,512,555	452,652
License application	-	706,950
Land, Rent & Rates	206,914	-
Fuel & Oil	2,193,311	1,950,000
Catchment Conservation & Social Responsibility	210,560	158,000
Insurance	446,548	962,811
Provision for doubtful & bad debts	-	463,298
Water Chemicals	2,722,210	4,367,400
Laboratory Equipment	-	34,800
Crop compensation	131,209	-
Uniforms & Occupation Safety Health	374,050	375,140
Laundry & Sanitation	94,760	103,913
Cleaning Materials	9,382	2,060
Printing & Stationery	624,392	632,504
Office expenses	98,305	51,695
Telephone, Internet & Communication	2,213,992	2,687,459
Postage	11,780	18,662
Travelling & Subsistence	1,864,450	589,450
Electricity	576,315	467,469
Advertisement	433,036	485,460

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Newspaper	420	120
Computer & Copier expenses & maintenance	67,068	171,528
Consultation fee (strategic & business plan)	738,178	532,483
Transport (Public)	2,900	5,300
Security	1,396,000	1,416,610
Survey & preliminary design works	-	142,800
Fire extinguishers	23,556	23,362
Professional fees	301,946	216,180
Membership Subscription	270,150	247,550
Tax expense	5,940	7,590
Corporation Tax	139,459	122,338
Provision For Audit Fee	-	350,000
AGM	-	597,075
Stakeholders	587,767	281,000
Financial Charges	162,917	154,962
Total	28,969,580	28,009,343

Notes to the financial statements (continued)**12. Board Expenses**

Description	2025-2026	2024-2025
	KShs	KShs
Sitting allowances	2,810,768	1,575,185
Induction and Training	3,799,970	1,763,460
Total Board Expenses	6,610,738	3,338,645

13. Maintenance Expenses

Description	2025-2026	2024-2025
	KShs	KShs
Motor Vehicle Repair	754,012	1,158,109
Cold Water Meters	1,900,000	1,360,000
General Repair & Maintenance	248,200	576,105
Pipes & Fittings	3,140,315	3,726,702
Casual Wages for Operation & Maintenance	1,897,400	2,389,175
Motor Bike Repair	23,400	197,198
Total Maintenance Expenses	7,963,327	9,407,289

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14. Depreciation and Amortization Expenses

Description	2025-2026	2024-2025
	KShs	KShs
Depreciation	3,186,672	2,974,936
Amortisation (Upgrading ERP)	990,835	3,543
Total Depreciation and Amortization	4,177,507	2,978,479

15. Income Tax Expense/(Credit)

Current taxation

	2025-2026	2024-2025
	Kshs	Kshs
Profit before tax	161,678	1,920,184
Add		
Depreciation	4,177,507	2,974,936
Provision for doubtful & bad debts	3,450	463,298
Provision Audit fees		350,000
	4,180,957	3,788,234
Less		
Wear and tear allowance	6,064,868	6,644,435
Interest income	439,696	912,110
Rent Income	79,200	99,000
Amortization	3,391,643	2,209,990
	9,975,407	9,865,535
Taxable income / (Losses)		
Accumulated tax loss b/fwd		
Adjusted taxable income/(losses)	(4,939,862)	(4,157,117)
Rental Income	79,200	99,000
Tax paid (house rent)	(5,940)	7,590
Income	73,260	106,590
Interest Income	439,696	912,110
Rental income	79,200	99,000
Total	518,896	1,011,110
Tax thereon @ 30%	155,669	303,333
Less		
Withholding tax deducted at source 15%*439,696	65,954	136,817
Advance tax		
Installment Taxes		
Tax payable/(Refundable)	89,715	166,517

16. Property, Plant and Equipment
FY 2025/2026

DETAILS	PIPES	TELEPHONE & COMPUTERS	OFFICE FURNITURES & EQUIPMENTS	METERS	MOTOR VEHICLES & CYCLES	TOTAL
Depreciation Rate	2.5%	30.0%	12.5%	12.5%	25.0%	
Opening Bal At Cost 1/7/2025	94,760,057	4,416,815	751,372	19,904,162	10,576,419	130,408,825
Additions	10,936,911	404,760	264,000			11,605,671
Closing Bal As At 30/6/2026	105,696,968	4,821,575	1,015,372	19,904,162	10,576,419	142,014,496
DEPRECIATION						
Opening Bal As 1/7/2025	11,988,454	3,933,394	558,272	16,712,052	10,091,003	43,283,175
Period Charge	2,342,713	266,454	57,138	399,014	121,354	3,186,672
Total Depreciation	14,331,167	4,199,848	615,410	17,111,066	10,212,357	46,469,847
N B V As At 30/6/2026	91,365,801	621,727	399,963	2,793,096	364,062	95,544,649

FY 2024/2025

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

17. Intangible Assets

2025/2026

	2025/2026	2024/2025
	Kshs	Kshs
Cost bf July 1	248,000	248,000
Additions- Cost Upgrading software	4,940,000	-
Cost/Value at 30th of June 2026	5,188,000	248,000
At July 1 2025	14,174	17,717
Amortization	237,369	233,826
At June 30 2026	11,339	14,174
Amortization	237,369	233,826
At July 1 2025		
Charge for the year	990,835	3,543
At June 30 2026	990,835	3,543
Net book value At June 30 2026	3,963,339	14,174

18. Trade and Other Receivables

	2025/2026	2024/2025
	KShs	KShs
Disputed Receivables	16,908,917	19,853,586
Prepayment (Insurance)	-	520,613
Prepayment (Telephone)	583	8,300
Prepayment (Fuel & Oil)	16,689	0
Prepayment (Postage)	7,500	7,088
Deposits (Electricity)	40,419	40,419
Customer Unpaid Bills	32,389,457	32,423,954
Total	49,363,565	52,853,960
Less Provision	(3,238,946)	(3,242,395)
Provision Disputed Receivables	(16,908,917)	(19,853,586)
Sub Totals	29,215,702	29,757,979

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18. (a) Trade Receivables

	2025/2026	2024/2025
	Kshs	Kshs
Gross trade receivables	49,363,565	52,853,960
Provision for doubtful receivables	(20,147,863)	(23,095,981)
Net trade receivables	29,215,702	29,757,979
As at June 30 2026, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	7,314,654	5,356,328
Between 30 and 60 days	3,804,062	3,883,595
Between 61 and 90 days	2,683,820	5,149,729
Between 91 and 120 days	1,773,821	3,041,562
Over 120 days(16,908,917+16,813,100)	33,722,017	34,846,326
Total	49,298,374	52,277,540

19. Inventories

	2025/2026	2024/2025
	Kshs	Kshs
Pipes & Water Fittings	3,660,247	6,093,541
Water Chemicals	252,350	513,387
Water Inventory	2,784,751	1,525,485
Total	6,697,348	8,132,413

20. Bank and Cash Balances

	2025/2026	2024/2025
	Kshs	Kshs
Current Account	1,123,097	256,173
WSTF Account	-	142,216
Performance Guarantee	1,379,991	1,379,991
Escrow Account	7,327,035	3,780,426
Project Account	1,669,877	8,751,376
M-pesa Account	159,233	600
Fund A/C	538,586	537,438
Total	12,197,819	14,848,220

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21. Short Term Deposits

	2025/2026	2024/2025
	Kshs	Kshs
Savings Account	245,111	221,797
Fixed Account	16,870,591	15,936,573
Total	17,115,702	16,158,370

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2025/2026	2024/2025
		Kshs	Kshs
a) Current Account			
Commercial Bank	1101961112	1,123,097	256,173
Sub- Total		1,123,097	256,173
b) Others			
Performance Guarantee	1261562623	1,379,991	1,379,991
Fund Account	111754556	538,586	537,438
WSTF Deposit	1297074424	-	142,216
ESCROW ACCOUNT	1327753871	7,327,035	3,780,426
PROJECT ACCOUNT	1327754177	1,669,877	8,751,376
M-Pesa	851675	159,233	600
Sub- Total		11,074,722	14,592,047
Grand Total		12,197,819	14,848,220

22. Retained Earnings

Description	2025/2026	2024/2025
	Kshs	Kshs
Share capital	100,000	-
Reserves	35,467,956	33,814,289
Profit for the Period	71,963	1,753,667
Amortization	3,391,643	-
Total	39,031,562	35,567,956

Ordinary Share Capital

	2025/2026	2024/2025
	Kshs	Kshs
5,000 ordinary shares of Kshs.20 par value each	100,000	-
Issued and fully paid:		
5,000 ordinary shares of Kshs.20 par value each	100,000	-

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23. Deferred Income

	2025/2026	2024/2025
	Kshs	Kshs
Bal B/F	78,533,390	80,743,380
Additions	15,876,911	-
Amortizations	(3,391,643)	(2,209,990)
Bal C/d	91,018,658	78,533,390

2025/2026				
Item	Depreciation rate	Amount	Amortization	Balance
Pipeline extension	2.5%	2,696,767	67,419	2,629,348
Computer tables	30%	2,277	683	1,594
Plant & Machinery	12.5%	777,664	97,208	680,456
Motorbikes, motor cycles	25%	11,675	2,919	8,756
Meters	12.5%	794,209	99,276	694,933
Titie WSTF	2.5%	13,656,063	341,402	13,314,661
DWO METERS	12.5%	64,454	8,057	56,397
Titie Treatment works	2.5%	2,711,064	67,777	2,643,287
Kenha	2.5%	12,317,164	307,929	12,009,235
County Government	2.5%	6,409,233	160,231	6,249,002
KURRA	2.5%	12,186,018	304,650	11,881,368
WSTF	2.5%	13,578,322	339,458	13,238,864
VAT-Company	2.5%	2,586,347	64,659	2,521,689
Project	2.5%	10,742,134	268,553	10,473,580
WSTF-Pipeline Rehabilitation	2.5%	10,936,911	273,423	10,663,488
WSTF-ERP Upgrading	20%	4,940,000	988,000	3,952,000
		94,410,301	3,391,643	91,018,658

24. Conditional Liquidity Support Grant (CLSG 11)

	2025/2026	2024/2025
	Kshs	Kshs
Opening Balance	8,751,376	8,749,160
Grant	7,126,911	-
Bank Charges	9,000	2,216
Expenditure	(14,217,410)	-
Closing Balance	1,669,877	8,751,376

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25. Customer deposits

	2025/2026	2024/2025
	Kshs	Kshs
Balance B/F	16,158,370	15,374,777
Additions	960,000	784,500
Refund	-	(2,500)
Transfer	(2,668)	1,593
Balance C/F	17,115,702	16,158,370

Aging Analysis for Deposits& Refundable

	2025/2026	2024/2025
	(ksh)	(ksh)
Under one year	960,000	784,500
1-2 years	784,500	578,500
2-3 years	578,500	628,500
Over 3 years	14,792,702	14,166,870
Total	17,115,702	16,158,370

26. Trade and Other Payables

	2025/2026	2024/2025
	Kshs	Kshs
Staff Training	536,630	150,000
Pipes & Water Fittings	1,794,699	3,726,702
Fire Extinguishers	-	23,362
Water Chemicals	566,660	1,717,380
Lab Equipment	-	34,800
Laundry	68,126	61,164
Annual General Meetings/Stakeholder	32,000	130,800
WASREB Licensing/Impact	110,000	108,000
Customer Meters	1,900,000	1,360,000
Occupation Safety Health	374,050	310,940
Motor vehicle Repair	678,128	478,000
Motor Bike Repair	-	188,778
General Repair Maintenance	125,133	183,810
Computer Expenses	60,018	142,980
Board of Directors Emoluments	307,090	372,060
Legal fees	-	147,000
Corporate Social Responsibility	-	120,000
Telephone (Asset)/Laptops	404,760	151,380
Office cabinet	264,000	-
Security Services	-	112,000

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Board of Directors Evaluation	21,084	-
Printing & Stationery	279,247	216,800
Waspa	85,000	-
Strategic Plan & Business plan	-	532,482
Water Service Regulatory Board	3,300,005	2,813,412
Wages	-	169,800
Water Resource Authority	300,050	303,186
Provision For Audit	-	350,000
Accrued salaries & Wages	3,222,376	1,454,442
Telephone & Internet	-	119,927
TOTAL	14,429,054	15,479,205

26a) Trade Payables And Other Payables	2025/2026	2024/2025
	Kshs	Kshs
Trade Payables	7,606,623	9,212,835
Accrued expense		1,238,642
Employees payables	3,222,376	1,848,142
Other payables	3,600,055	3,179,586
Total	14,429,054	15,479,205

26. b) Aging Analysis for Trade and other Payables

	2025/2026	% of the total	2024/2025	% of the total
Under one year	14,429,054	100%	13,850,762	89.48%
1-2 years	-		1,308,960	8.46%
2-3 years	-		319,483	2.06%
Over 3 years	-			
Total	14,429,054		15,479,205	

27. Performance Guarantee

	2025/2026	2024/2025
	Kshs	Kshs
Performance Guarantee	1,379,991	1,379,991
Total	1,379,991	1,379,991

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28. Tax payable

	2025/2026	2024/2025
	Kshs	Kshs
Tax thereon @ 30%	30%*518,896=155,669	30%*1,011,110=303,333
Withholding tax deducted at source 15%*439,696	65,954	136,817
Advance tax		
Installment Taxes		
Tax payable/(Refundable)	155,669-65,954=89,715	234,376-101,348=133,028

29. Notes to the Statement of Cash Flows

	2025/2026	2024/2025
	Kshs	Kshs
(a) Reconciliation of operating profit/ (loss) to cash generated from/ (used in) operations		
Profit or loss before tax	161,678	1,920,184
Depreciation	4,177,507	2,974,936
Grant Income	15,876,911	(2,209,990)
Working capital changes:	20,216,096	2,685,130
(Increase)/decrease in inventories	1,435,064	757,515
(Increase)/decrease in trade and other receivables	542,276	(4,030,102)
Increase/(decrease) in trade and other payables	(1,050,151)	2,938,723
Increase/(decrease) in Provision for Doubtful Debts	(3,450)	463,298
Increase/(decrease) Deposits and Prepayments	(782,518)	(1,114,051)
Increase/(decrease) in Deferred tax	(76,802)	(166,517)
Sub-Total	64,419	(1,151,134)
Analysis of changes in loans		
Repayment during the year	(3,548,895)	(3,548,895)
Sub-Total	(3,548,895)	(3,548,895)
Cash generated from/ (used in) operation	16,731,620	(2,014,899)

Notes to the financial statements (continued)

Other Disclosures

30. Related Party Disclosures

County Government of Nyeri

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

Other related parties include:

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

31. Financial Risk Management

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

Notes to the financial statements (continued)

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not impaired Kshs	Past due and impaired Kshs
At 30 June 2025				
Customer Unpaid Bills	32,389,457	16,211,977	16,211,977	19,853,586
Total	32,423,954	16,211,977	16,211,977	19,853,586
Risk Allowance	3,242,395	1,621,198	1,621,198	19,853,586
Customer Unpaid Bills	32,389,457	16,211,977	16,211,977	19,853,586
Total	32,423,954	16,211,977	16,211,977	19,853,586
As at 30th June 2026				
Customer Unpaid Bills	32,389,457	16,194,729	16,194,729	16,908,917
Total	32,389,457	16,194,729	16,194,729	16,908,917
10%	3,238,946	1,619,473	1,619,473	16,908,917

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.

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,

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medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June current year				
At 30 June 2025 Current year				
Trade Payables	1,680,892	822,133	12,976,180	15,479,205
Provisions				
Deferred Income			78,533,390	78,533,390
Total	1,680,892	822,133	91,509,570	94,012,595
At 30 June 2026 Current year				
Trade Payables	8,458,684	186,847	5,783,523	14,429,054
Provisions				
Deferred Income			91,018,658	91,018,658
Total	8,458,684	186,847	96,802,181	105,447,712

32. Incorporation

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

33. Events after the Reporting Period

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

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34. Appendices

Appendix I: Progress on Follow-Up of Prior Years' Auditor General's Recommendations

The following is a summary of the issues raised by the Auditor General and the management responses provided.

No.	Issue/Objection	Management Response	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	The statement of financial position and as disclosed in Note 18 to the financial statements reflects net trade receivables balance of Kshs 29,757,978. The Note further reflects Kshs 52,853,960 as gross trade receivables which includes receivables totalling to Kshs 34,846,326 which have been outstanding for a long time and appear unrecoverable Management did not provide explanation of measures being taken, including legal action, to recover the long outstanding debt. In the circumstances, the recoverability, of trade receivables	<i>The long outstanding receivables of Kshs. 34,846,326 were as a result of introduction of the new tariff effective from December 2024. The customers were against the new tariff thus affecting their willingness to pay.</i> <i>The management is continuously implementing the debt management policy to progressively reduce long outstanding debts. We have been engaging customers with long outstanding bills on part payment agreements</i> <i>We conducted sensitization and awareness clinics to make customers embrace the new tariff.</i> <i>The company has also established a customer debt management committee drawn from Technical and Commercial Departments to reduce the unpaid water bills by 30th June 2026. TEWASCO/CORR. 2/6 dated 30th May 2025</i>	Resolved	

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Reference No.	Issue/Observation	Management Response	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	balance of Kshs.34, 846,326 could not be confirmed.			
2	Unsupported Provision for Disputed Receivables The statement of financial position reflects net trade receivables balance of Kshs. 29,757,978. However, the financial statements at Note 18 discloses gross receivables balance of Kshs. 52,853,960 out of which an amount of Kshs. 19,853,586 was deducted as provision for disputed receivables. Management did not provide a policy to support the provision in respect to disputed receivables. Further, there were no details of the disputing parties and no reasons	<i>The disputed trade receivables amounting to Kshs. 19,853,586 was 100% provided for write-off. The company initiated the process of writing-off the debts as per the attached request through a letter referenced as TEWASCO/NCG/VOL.3/97 dated 17th September 2024 and a letter from County Government of Nyeri referenced as CGN/FEP/8/16/VOL. VII (33) dated 15th October 2024. The debts are treated as disputed and unrecoverable because the company inherited them from the Ministry of Water and Irrigation and thus are mere book debts, identification of those customers is not possible since most of them are deceased, land sub-division, sale of land, there were no meters to prove water consumption and other customers are currently served by other service providers.</i> <i>The management has provided the debt management policy which allows 100% provision of aged bad debts.</i>	Resolved	

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Reference No.	Observation	Management response	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	given on why the amounts were considered disputed. In the circumstances, the accuracy, completeness and recoverability of receivables balance of Kshs. 19,853,586 could not be confirmed.			
	OTHER MATTER a) Unresolved Prior Year Matters			
	1.Long Outstanding Trade payables	<i>The company has cleared Kshs. 8,385,257 out of the total payables of Kshs. 15,479,205 as at 30th June 2025 and we are committed to clear the balance of Kshs.7,093,948 before 30th June 2026</i>	Resolved	
	2.High Non- Revenue Water threshold During the financial year under review, the Company produced 177,356 cubic meters (M³) of water	<i>To address these issues, the following measures have been undertaken and are ongoing:</i> 1. Pipeline Rehabilitation and Upgrading <i>Replacement of aged and frequently leaking pipeline sections within supply areas, by upgrading existing UPVC and Asbestos Cement (AC) pipelines to more</i>	Not resolved	30/06/2028

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Reference No.	Issue/Observation	Management Response	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	out of which only 117,055 (M³) was billed to customers. The balance of 60,301m³ which represent approximately 34% of the total volume of water produced is Non-Revenue Water (NRW) with projected fiscal value of Kshs.40,096,935. The Non-Revenue Water of 34% was over and above the allowable limit of 25% set by water services regulatory board guideline. In the circumstances, the Company may have lost revenue through unaccounted for water.	<i>durable High-Density Polyethylene (HDPE) pipes to minimize breakages and reduce physical losses. The government is implementing two projects aimed at rehabilitating the existing pipelines. The company has been funded by Water Sector Trust Fund to replace 22Kms old dilapidated lines to reduce technical losses and upgrade the billing system at a cost of Kshs. 17,500,000. Tana Water Works Development Agency is replacing all asbestos cement pipes with HDPE pipes among other works including construction of a modern Treatment works with 10,000m³ capacity per day and a 16 inches diameter pipeline. Treated water will reduce clogging of meters and pipe burst thus reduce NRW. Replacement of 15km asbestos pipe will also reduce frequent pipe burst and leaks.</i> 2.Establishment of Non-Revenue Water Unit <i>The Company has established a dedicated Non-Revenue Water Team responsible for routine monitoring, leak detection, and prompt repairs to minimize physical losses</i>		

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Reference	Issue/Obstacle	Management Response	Status: <i>Resolved</i> <i>On</i> <i>Resolved</i>	Timeframe: <i>(By a date)</i> <i>Within 30</i> <i>expecting</i> <i>issue to be</i> <i>resolved</i>
		3. Implementation of Metering Policy <i>This policy with activities around customer meter that leads to loss of water. Initially, customer meter used to be installed in their compound. This has been suspended to give room for abstraction of water before it is registered by the meter. Relocation customer meters close to the take offs and disconnection dormant connection from the main line has reduced water loss through illegal connections. The policy also gives standard procedures of meter installation that facilitates optimum functionality of the meter.</i> 4. Network Zoning and Data Monitoring <i>To continue monitoring the current District Metered Areas (DMAs) and create new ones to enable accurate tracking of system inputs and outputs for better control and accountability</i>		o

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Reference No.	Issue/Observation	Management Response	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		5.Capacity Building <i>Continuous training to all staff on Non-Revenue Water reduction techniques on both commercial and technical losses and the use of GIS tools for network mapping and monitoring</i>		
	3.Non- Compliance of the National Cohesion and Integration Act and Ethnicity	<i>The company progressively will strive to solve the one-third rule of Ethnic composition. Job advertisements are done through local dailies to widen the scope of getting potential employees from other communities in the Country apart from the local community.</i> <i>Measure in place to ensure compliance with the ethnic diversity requirement.</i> Competitive recruitment by advertising vacant positions in the daily newspaper with wide circulation and also in company's website www.teawasco.co.ke. This is to ensure each Kenyan is accorded equal opportunity.	Not resolved	30/06/2028

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Reference No.	Issue/Obstruction	Management Response	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>Obstacles hindering the company from adhering to the ethnic diversity requirements include;</i> <i>a. The company inherited most of its staff from both the Ministry of Water and irrigation</i> <i>b. Lack of interest from the rest of the communities</i> <i>c. Competition from local communities</i>		

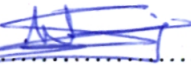
Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Kiandongoro and Zaina forest	Conservation of Environment	Tree Planting				240,000	Company	County Government of Nyeri

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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	
National Government- WSTF CLSG II		Development- Conditional Grant		Statement of Financial Position		Deferred Income			
Total	15,876,911								

Managing Director  Chairperson of the Board 

Date 27/07/2026 Date 27/07/2026