OTHAYA MUKURWE-INI WATER & SANITATION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2025

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



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1. Acronyms and Glossary of Terms

A. Acronyms

CEO	*Chief Executive Officer*
DG	*Director General*
IAS	*International Accounting Standards*
IASB	*International Accounting Standards Board*
IFRS	*International Financial Reporting Standards*
ICS	*Institute of Certified Secretaries*
MD	*Managing Director*
NT	*National Treasury*
PFMA	*Public Finance Management Act.*
WASREB	*Water Services Regulatory Board*
CECM	*County Executive Committee Member*
CGN	*County Government of Nyeri*
WSTF	*Water Sector Trust Fund*
CM	*Commercial Manager*
NRW	*Non Revenue Water*

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information

Background information

Othaya Mukurwe-ini Water & Sanitation PLC was established by the Companies Act 2015 on April 11, 2024 as a county entity fully established by the shareholding fully owned by the County Government of Nyeri. At County level, the Company is represented by the County Executive Member (CECM) responsible for water and sanitation, CECM Finance & the county Secretary, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and has operates in Nyeri South and Mukurwe-ini Sub counties.

The company started operations by inheriting assets and liabilities from the then Company registered under guarantee as part of legal compliance with the water Act of 2015. The instrument of transfer of functions between the now defunct OMWASCO LTD and OMWASCO PLC was the deed of handover signed between the Board of Director and the County Executive member in charge of water and environment.

Principal Activities

The principal activity of the Company is to supply water & sanitation services to the residents of Othaya and Mukurwe-ini sub counties.

Vision

A water service provider of choice.

Mission

To be a provider of accessible, adequate, affordable and quality water services while conserving the environment.

Core Values

OMWASCO is firmly committed to the following core values:

- Customer focus
- Corporate responsibility
- Environmental conservation.
- Integrity transparency and accountability
- Team work
- Networking
- Response to technology
- Innovation and creativity

Directors

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

• Mr. Moses N N Munyi	Managing Director	Appointed on 01/09/2019
• Eng. Benjamin Maingi	Board Chairman	Elected on June 29/06/2023
• Ms. Grace G Iregi	Director	Elected on 26/06/2019
• Ms Rachel Muchunu	Director	Elected on 26/05/2017
• Mr. Charles Maina	Director	Elected on 29/06/2023
• Mr. John W Nyaga	Director	Elected on 27/07/2021
• Mr. Peter Gachoka	Director	Elected on 29/06/2023
• Mr. Anthony Githae	Director	Elected on 27/06/2022
• Mr. Bernard Kiama	Director	Elected by the County Government of Nyeri
• Ms. Beatrice Maina	Director	Elected by the County Government of Nyeri

Company Secretary
Gikuhi Kiana & Company.
P.O. Box 1271 – 10100
Nyeri

Corporate Headquarters
OMWASCO Building,
Off Kanyange Road
P. O. Box 482-10106
Othaya-Kenya.

Corporate Contacts
Telephone: (254) 702145585
E-mail: omwasco@gmail.Com
Website: www.omwasco.co.ke

Corporate Bankers
1. **Kenya Commercial Bank Ltd.**
P. O. Box 201-10106
Othaya Kenya

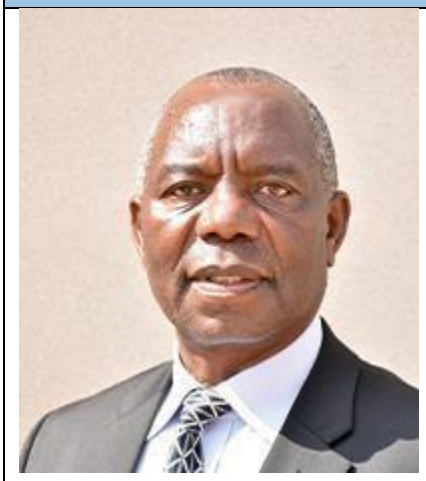
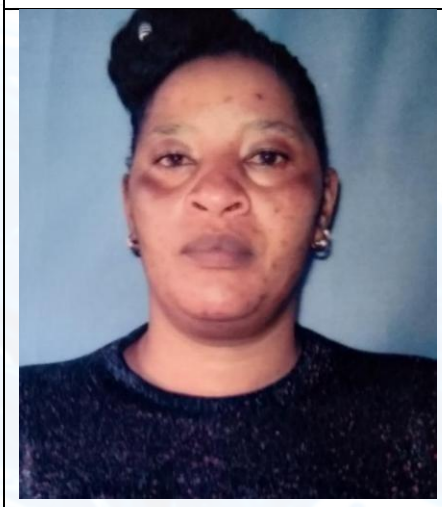
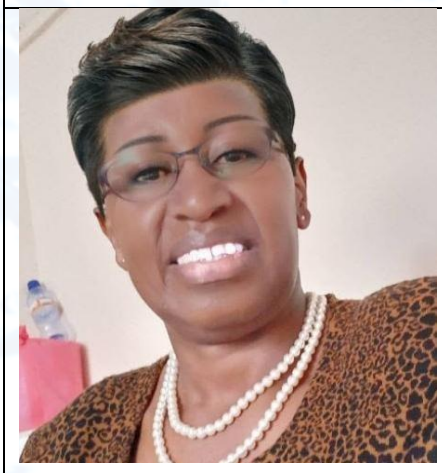
2. **Equity Bank**
P.O. Box 436-10106
Othaya-Kenya.

3. **Co-operative Bank**
P. O. BOX 256-10106
Othaya-Kenya

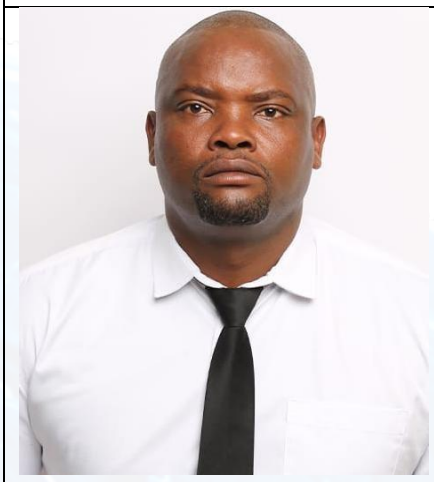
Independent Auditor
Auditor General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 GPO 00100
Nairobi, Kenya

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

3. The Board of Directors

Directors	Details
 *Eng. Benjamin K Maingi*	He has been a member of the technical Committee. He was appointed to be the board chair for the company effective July 2023. The director has many years' experience in infrastructure projects, and management in both the public and private sector. He holds a BSC Degree in civil engineering, MSC Highways and is a member of Engineers board of Kenya as well as Institute of Directors of Kenya. He has vast experience in governance having risen to the position of General Manager, together with directorships held at various public institutions.
 *Ms. Grace G Iregi*	She is an administrator working with CDF Mukurwe-ini. She brings to the company experience in Project Audit and Community engagement and project monitoring and supervision.
 *Ms Rachel Muchunu*	She is a businessperson holding a leadership position in Nyeri south sub-county. She is an astute businessperson holding various investments in the county.

Directors	Details
 *Mr. Charles Maina*	He joined the company during the 2023 AGM. The director holds CPA qualifications, BSC in purchasing and supply. He has experience in management having held position of directorships, consultancy and business management in different institutions.
 *Mr. John W Nyaga*	The director has vast experience in business management from working in various companies. He holds a BSC Degree in civil engineering and is a member of Engineers board of Kenya.
 *Mr. Peter Gachoka*	The director joined the company as a director in 2023 during the AGM. He has vast experience in business and consultancy gained from years of practice. He holds an MBA (Strategic Management) from University of Nairobi and B-com (Finance) option. He also holds multiple qualifications including Higher National Diploma in Human Resource Management, Certificate in Counselling (CHRM), and Higher Diploma in institute of Management of Information System (IMIS).

Directors	Details
 *Mr. Anthony Githae*	The director was appointed in 2022. He holds CPA qualifications, B.Com finance degree and is currently pursuing MBA program. He has been a board member for various institutions in Mahiga in addition to working in various not- for profit projects. He is a finance expert working with PCEA Church.
 *Mr. Bernard Kiama*	He is the Director seconded from the County Government of Nyeri, to represent the County Government of Nyeri. He holds MSc Analytical and Environmental chemistry JKUAT and BED Chemistry and Biology (CUEA) He has a vast experience in management
 *Ms. Beatrice Maina*	The Director joined the company in 2024. She is an Advocate of the High Court of Kenya. She has vast experience in Legal practice with 10 years post admission to the Bar. She holds a Master in Diplomacy and International Relations from Kenyatta University; Bachelor of Laws (LLB) Degree from Moi University school of Law; Post Graduate Diploma (PGD) from the Kenya School of Law; Diploma in Criminology and Social Order from University of Nairobi; Certified Professional Mediator from the Mediation Training Institute (MTI)

Directors	Details
 Moses N N Munyi *Managing Director*	The Managing Director and secretary to the Board. He holds a Bsc. Degree in Biosystems Engineering (Water Resources) from University of Nairobi and a Master of Arts Degree in Project Planning and Management from the same University. He is also a Graduate Engineer Registered with Engineers Board of Kenya and is a Graduate Member of the Institute of Engineers of Kenya and has sixteen years' experience in the Water Sector with over twelve years in senior Management position.
 *FCS Richard K. Gikuhi*	He is a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University. He is currently the Managing Partner at Gikuhi Kiana & Company, Certified Secretaries. For over 25 years he has worked with various Water and Sanitation Companies as a Company Secretary and advises in the area of Corporate Governance. His stint at the European Union contributes to his knowledge in Project Management and Capacity building.

4. Key Management Team

Managers	Details
 Moses N N Munyi.	The Managing Director and secretary to the Board. He holds a Bsc. Degree in Biosystems Engineering (Water Resources) from University of Nairobi and a Master of Arts Degree in Project Planning and Management from the same University. He is also a Graduate Engineer Registered with Engineers Board of Kenya and is a Graduate Member of the Institute of Engineers of Kenya and has sixteen years' experience in the Water Sector with over twelve years in senior Management position.
 FCS Richard Gikuhi	He is the company secretary and a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University. He has over 25 years' experience working with various WSPs as a Company Secretary giving advisory roles in the area of Corporate Governance. He is knowledgeable in Project Management and Capacity building.
 CPA Peter Ndirangu	Commercial Manager He is the manager responsible for commercial services at the company, financial reporting and budget reporting and control at the company. He is a registered with ICPAK, and holds Bachelor's degree in commerce from KCA University

Managers	Details
 Mary W Kibandi	Human Resources and Administration Manager The officer is responsible for the company Human resource including, employee's life cycle from recruitment to exit and also in charge of administration function of the organisation. She holds a Business Administration Degree HR option. She exited the company in December 2024
 Mary N Munene	Internal Audit Manager Manager responsible for Risk management, ensuring effectiveness of internal control systems in the company and monitoring of compliance to laws and regulations. She is registered with ICPAK and holds a bachelor's degree in commerce from Kenyatta University.
 Richard Wamunge	Technical Manager The manager joined the company in November 2024to fill in the gap that was in the company. He has a degree in Hydrology and Water resource management from South Eastern University. He brings experience in NRW reduction from the water sector and years of consultancy in Feasibility and design of water systems.

5. Chairman's Statement

Introduction:

Dear Shareholders, members of the Board, and all Stakeholders present, on behalf of the Board of Directors, I extend my sincere gratitude and appreciation to the County Government of Nyeri led by the Governor HE. Mwalimu Mutahi Kahiga for the continued support, trust, and partnership with the Company OMWASCO PLC in its mandate to deliver water and sanitation services to the people of Nyeri south and Mukurweini sub-counties. It is now my pleasure to present to you the highlights of the Company year ending 30th June 2025.

Implementation of the Strategic Plan:

The Company continues to operate under a Five-Year Strategic Plan (2022/2023 – 2027/2028). This plan is anchored on several Key Result Areas as follows:

- Increasing access to water and sewerage services
- Raising internal and external funds to modernize and expand infrastructure
- Improving productivity and efficiency
- Enhancing water production and quality
- Improving customer service standards

Key implementation milestones during the year include:

- Continuous increase in sewer and water connections through system extensions
- Replacement of old and dilapidated pipelines and meters
- Metering of previously unmetered consumers
- Efforts to increase sewerage treatment capacity within the company's jurisdiction
- Creation of a geo-database for all company assets
- Implementation of NRW reduction processes reports

The Mid-term review of the plan is due. As a board we plan to have this review in the coming financial year 2025/26 to include following aspects:

- Adoption of the new SP format as will be guided by the County Government-performance delivery unit
- Non-Revenue Water (NRW) reduction plan
- An updated, reviewed and approved staff organization structure and updated staff productivity improvement plan.
- Revised Board Charter
- Integration of our company Strategic Plan to the County Integrated Development Plan.

Partnerships with Stakeholders:

OMWASCO PLC values strategic collaborations aimed at improving water and sanitation services. Notable partnership projects that are under implementation include:

- Construction of Othaya Sewerage Infrastructure – Phase 2 (under the Kenya Towns Sustainable Water Program) through Tana Water Works Development Agency (TWWDA)
- Water treatment works and rehabilitation of pipelines for Mwai Kibaki National Hospital (Level VI) through Tana Water Works Development Agency(TWWDA)
- Water Reticulation network improvements in Othaya and Mukurweini (CSLG II under the Water Services Trust Fund & World Bank)
- Relocation of water infrastructure pipeline along Githagara-Mairo Road (TWWDA & KeRRA projects)
- Mukurwe-ini Scheme Last Mile Water Supply Network-under TWWDA

- Gikondi Zone Water Supply Projects (Phases 1 & 2) and Mukurwe-ini Central Phase 2, in partnership with County Government of Nyeri.

The above projects are aimed at:

- Enhancing water supply to unserved areas.
- Reducing NRW
- Increase in hours of supply to areas with water rationing programs
- Promotion of decent waste water management practices

Environmental Conservation:

In support of our mission to supply clean water and conserve the environment, the company undertook several initiatives:

- Planted 6,000 trees in our catchment areas in the March –May 2025 rainy season
- Issuance of fruit tree seedlings to stakeholders as part of environmental conservation awareness during our Stakeholder forum in May 2025.
- Compliance with levy payments to Water Resources Authority (WRA)

Good Governance Practices:

OMWASCO upholds transparency and accountability in governance:

Change of Directorship:

- In July 2024, Mr. Kimani Rucuiya (The County Attorney) exited the Board and was replaced by Ms. Beatrice Maina (Governor's Legal Adviser).
- In the year 2024, we were not able to hold the AGM due to transition from OMWASCO Ltd to OMWASCO PLC to confirm Ms. Beatrice's appointment, we hope to have it done in this year's AGM.

Board of Director Capacity Building Trainings:

The Board through several trainings across the year, was able to add value to the Company through generation and or customization of the following key policies and manual:

- Transport Policy
- Fixed Asset Management Policy
- Review of Debt Management Policy
- Internal Audit Manual
- Disaster Response Management Policy

Further, in line with the Water Act 2016 (Section 77), the company transitioned from a company limited by guarantee to a Public Limited Company (OMWASCO PLC) fully owned by the County Government of Nyeri.

Performance Contracting with the County Government of Nyeri:

The Company was proactive enough to have been the first company within Nyeri County to have engaged the Performance Delivery Unit of the County Government for a training of Directors on Performance Contracting matters in May 2024 and a follow-up training and exposure to the staff by the same county team.

The Board later signed the first Performance Contract with the County Government of Nyeri in August 2024 and the same cascaded to the Management team and the rest of the staff for implementation.

We have been forwarding quarterly reports of the implementation to the County Government of Nyeri.

Tariff Review Process:

To ensure full cost recovery and sustainability of the company, the company initiated a tariff review in June of 2023. A new tariff structure was gazetted on 4th October 2024, valid from 2024/2025 to 2026/2027, and implemented in December 2024.

However, the new tariff faced some customer misgivings and through WASREB, there was a downward review and a new gazette notice issued in Mid-March 2025 which is currently in use.

Between Feb-March 2025, we faced three demonstrations on the tariff related issues, three times in Othaya and one demonstration in Mukurwe-ini.

The Demonstration of 20th of March 2025 was very violent and led to the destruction of our office block. The matter was reported to the police but no arrests have been made yet. The Board directed recently that the management writes to the County Government of Nyeri asking that the matter be addressed by IPOA.

In March 2025, a group of persons lodged a case in court against implementation of the new tariff. The latest hearing was on 10th of June 2025 and the next hearing will take place on 7th of July 2025.

6. Company License Renewal for three years:

OMWASCO operates under a license issued by WASREB, as required under the Water Act 2016. Due to company transition processes and negotiations around a new tariff, the regulator delayed issuance of the license as the tariff conditions are part of the license. The new license was successfully issued in May 2025 for a period of three years.

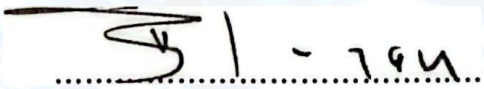
The License and the tariff are now aligned. In the coming year financial year, the New Year's PC and Strategic Plan will be aligned to the license and the tariff appropriately.

Conclusion:

As we reflect on the achievements and challenges of the past year, I once again extend my heartfelt appreciation to our County Government of Nyeri leadership, company stakeholders, my colleague board members, management, staff and consumers for their unwavering support and collaboration.

Thank you all.

Yours sincerely



Weston Wambugu Kamau
Chairman – OMWASCO PLC Board of Directors

6. Report of the Managing Director

Introduction:

Dear Shareholders, Directors present please allow me to present the MD's report which is a summary of the goings-on within the Company at the operations level for the last one year.

Tariff Implementation:

As mentioned in the Chairman's report, we commenced the implementation of the new tariff in December of 2024 with the following outcomes:

The revenue billed increased to an average of Ksh24 million on monthly basis up from about Ksh14 million.

That a significant number of our consumers (on average 2,000 accounts) do not get billed on monthly basis as their consumption is normally less than one unit. As per the new tariff, any consumption that is less than one cubic meter (1000liters) is not billed.

That most of the boarding secondary schools seems to be struggling to pay their bills on time unlike before.

That there is still an expectation from our consumers that the tariffs will be reduced further downwards.

The issue of the tariff is still a matter heavily discussed in political circles within our area of supply with the 2027 political aspirants using it against the current elected leaders.

Further, from the new tariff, there are two new components that were not in the previous tariff. These are provision for investment and loan repayment. The two components make up about 80% of the new changes in water consumption rates.

Asset Management:

The company is heavily engaging various actors to resolve or acquire proper documentation of the assets that are used to offer water and Sanitation services within our area.

Most of the assets were developed by various players aligned to the National Government and we do not have proper ownership documents. The Office of the Auditor General has queried this aspect repeatedly.

We have:

- Mapped the locations of all the pieces of land, compounds and tanks that the company is utilizing
- Conducted official searches at the ministry of lands to confirm official ownership
- We have communicated to both the County Government of Nyeri and Tana Water Works Development Agency on the outcome of the searches.
- The GIS section of the company has mapped all the sewer lines in Othaya Town and is currently mapping the Water reticulation network.
- In the coming year, we are optimistic that we will with the support of Water Services Trust Fund (WSTF) establish the quality and accuracy of all our currently active meters and replace about 8000 of those that will be found not to be working well. All the active meters will also be very well mapped using an appropriate tool.
- Even with all the above effort, the issue of asset ownership may still remain a basis of qualification of our financial reports if the ownership records will not be avail to the auditors. We hope that the shareholder can assist us to have proper asset hand over and or ownership documents.

Human Resource matters:

The company has 147 staff of various cadres performing various functions.

In terms of their contracts, the above number can further be broken down to the following categories:

- Permanent and Pensionable staff-76no
- 6months to three year Contractual terms -61no

- Interns-2no
- Casuals-8no

With the help of Public Service Commission, we have been able to have an audit of each of the staff file and have established the gaps therein.

As we commence the new financial year, we intend to carry out the following activities as a follow up to the file audit:

- Authenticate the staff academic certificates
- Proceed with development/modernization of the job descriptions and development of a comprehensive J.D manual
- Carry out job weigh analysis
- Establish skills gaps (this will inform future trainings)
- Generate optimal staff levels and a new organization structure (inform future recruitments).
- Develop Job/career progression aspects.
- Our staff have been exposed to various trainings as per the company's budget abilities and are also allowed to participate in internal and external sporting activities.
- There are emerging challenges in handling staff unions and activism within the company just like in other sectors of the economy. We also have challenges of mental wellness and drug and substance abuse amongst the staff.

Risks:

- Our area of supply is prone to mudslides during the rainy seasons. The company is often blamed for the damages that occur when there are mudslides and yet the company is itself a victim of the same when the mudslides take place in areas where we have water pipelines passing through. We have been facing legal suits related to the same and have been outsourcing legal services procedurally. We have also faced labour related suits in the past.
- So as to equip the company appropriately to respond to these challenges from a legal point of view, in our last board meeting, management was directed to establish and present a board paper on whether to:
- Establish a legal department with appropriately trained staff to be handling legal matters.
- Have the County Government of Nyeri take up the legal matters in court on behalf of the company.
- Continue outsourcing the services from legal firms as and when required.

Non-Revenue Water Reduction:

- One of the biggest challenges that the institution has struggled with over time is in Management of None Revenue Water. The NRW is caused by either physical water losses (leaks and bursts) or commercial losses (billing errors and water theft).There also governance related aspects that affect NRW reduction efforts.
- In the one year or so, the following key interventions took place towards enhancement of governance issues around NRW reduction:
- Appointment of a NRW Officer under level three of management. Initially the person in charge of NRW unit was under level four of management. The Board elevated this office to level three and recruited a competent person who was previously working as the Technical Manager in Naromoru Water where he had managed to drive NRW to levels very close to the 25% expected level.
- Appointment of an Operation and Maintenance Officer to be in charge of burst Identification and repairs under level three of management. This was in an effort to ensure that there is a person capable of making critical decisions when required and improve on supervision of staff assigned repair tasks.
- The Board also recruited a Technical Manager about seven months ago who is an expert in NRW matters.

- The company has also heavily engaged Water Service Providers Association (WASPA) experts on NRW reduction as well as Nyeri Water and Sanitation Company on a number of fronts such as in confirmation of new meter quality before installation and Calibration of our master meters.
- Formation of an expanded NRW steering committee that comprises of an expert from the County Government of Nyeri.
- WASREB, County Government of Nyeri and Gatsby Africa sponsored a governance training for Directors and Management at the Kenya School of Government and a training of technicians at KEWI is likely to follow in the coming financial year.

Towards addressing the physical losses, the following tangible efforts have taken place within the last one year related to investments to get rid-off the old and dilapidated infrastructure in specifically identified places:

- Made proposal to Tana Water Works Development Agency (TWWDA) to rehabilitate an old 4km DN200 Kihome water pipeline line from the treatment works to Kihome tank.
- Made a proposal to Tana Water Works Development Agency (TWWDA) have been supported to rehabilitate old and dilapidated 36.5Km of water pipeline of various sizes in Ngamwa and Mutundu sub locations of Mukurweini Constituency.
- Made a proposal to the WSTF and the company has been supported to rehabilitate old and dilapidated 33km and 35km water pipelines of various sizes in Othaya and Mukurwe-ini Town respectively under the Conditional Liquidity Support Grant (CLSG II)
- Made a proposal to WSTF and has been supported to rehabilitate 27kms of old and dilapidated water pipelines in Rugi Ward (Karundu zone) and 25km of water pipeline of various sizes in Wahari-Karaba-Mutonga area of Gikondi Ward and replacement of 8,000 old and faulty meters.
- The County Government has supported us to rehabilitate several water lines in Gikondi, Mukurweini Central, Chinga and Rugi Wards to commence effectively in July of 2025.

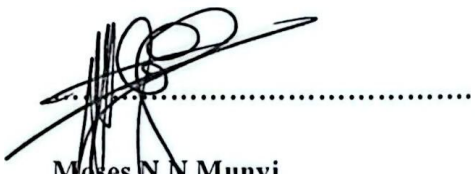
In addressing commercial losses, the following efforts have been made:

- Use of Water Police Unit to follow up on identified water theft cases hence curb illegal water use.
- To improve on meter accuracy, we made a proposal to TWWDA to construct a conventional Water treatment Works at Kaharo in Othaya (3,500m3/day). This is in a bid to reduce meter clogging due to silt from the source and hence enhance meter accuracy. The agency has already contracted out the works.
- Adoption of mobile phone-based meter reading ERP to enhance accuracy of readings and minimize on human interface hence improve on accuracy and consistency of meter readings.
- Aggressive replacement of old and aged meters, we have partnered with WSTF to replace 8,000 consumer meters.
- The full benefits of the above interventions will be felt in the coming year.

Exit of two Managers:

- In February of 2024, The Then Technical Manager Mr. Duncan Nderi exited the organization and was replaced later in the same year by Mr. Richard Gacheru.
- In November of 2024, the then head of Human Resource and Administration Department Ms. Mary Kibandi left the company and was replaced by a Ms. Rebecca Mureithi in March of 2025 who later left in April of 2025.

Yours Faithfully



.....

Moses N N Munyi
Managing Director

7. Statement of Performance against Predetermined Objectives for FY 2024/25 FY

Introduction

To all our stakeholders, consumers and members of the public in general, the below issues form part of the main activities we carried out by the close of the year 2024.

Operations

Customer accounts:

The Company continued to offer water services to the residents of our two sub counties of Nyeri South (Othaya) and Mukurwe-ini and registered growth in new accounts as shown by the table below:

Item	2023	2024	2025
Sewer connections	1,031	1,065	1,083
Water connections	34,493	35,219	36,223
Total registered accounts	35,524	36,284	37,306
Dormant Accounts	13,140	13,175	13,000
Active Accounts	22,384	23,109	24,306

The dormancy of accounts is mainly driven by consumers who overtime acquire alternative water sources such as from Irrigation water projects, boreholes or invest in Rain Water Harvesting.
The sewer accounts are limited to Othaya Town.
The Company also offers exhauster services through an exhauster lorry that is able to cover areas within our supply area that is not sewered. Over the last year, we have received requests from customers as far as Karatina Town and the upper part of Muranga County namely Kiriani and Gitugi areas.

Revenue generation:

The company generates revenue mainly through sale of water and sanitation services (that is both conventional sewer system in Othaya town and through the exhauster services).

The table below shows our revenue generation status across the recent years:

Year	Water sales (Ksh)	Sewer Services (Ksh)	Total sales(Ksh)
2023-2024	166,817,655	11,282,857	178,100,512
2024-2025	230,361,267	14,902,838	245,264,106

It's imperative to note that from above, the average billing from sewer services was an average of about Ksh 900,000 per month under the old tariff and about Ksh 1,200,000 per month under the new tariff. In the December of 2024, we implemented the new tariff which brought about changes in revenue generation driven by the upward review of the tariff. Revenues from meter charges were vacated at the end of the period.

Non-Revenue Water Reduction:

To combat the water losses, the company has partnered with stakeholders to ensure that the company carries out renewal of infrastructure to reduce water losses in the company. The company has the following infrastructure maintenance costs carried out;

S/No	Project	Status
•	Gikondi pipeline replacement (Material provided by CGN, while labour was carried out by the company)	Completed
•	Mukurwe-ini Central (Material provided by CGN, while labour was carried out by the company)	Completed
•	Othaya Town pipeline replacement under WSTF CLSG program	Ongoing
•	Mukurwe-ini Urban pipeline replacement under WSTF CLSG program	Ongoing

OMWASCO PLC strategic plan has six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 22- FY 2027. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1:

Pillar/theme/issue 2

The company develops its annual work plans based on the above *6* pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *company* achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure Development	• To optimize water production to meet present and future demands • To replace, rehabilitate and upgrade old infrastructure in Water. • To increase sewerage treatment capacity to cover all areas within our jurisdiction • To comply with recommended quality standards • To reduce the current non- revenue water to comply with license conditions	Maintain average water supply hours to covered zones to at least 20 hours per day throughout the year.	Treat and distribute water at Othaya and Mukurwe-ini Replace Aged Meters Renew service lines	

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Customer Experience	• To enhance the customer satisfaction • To foster OMWASCO brand visibility • To achieve efficient billing • To foster customer experience	• Increase active connection from 20,364 active connections to 22,000 connections by 30th June 2021 • Gross billed revenue to be an average of Kshs 14.7m by 30th June 2020	• Connect 1,600 new customers to the company	
Financial and Resource Mobilization	• To mobilize external resources to fund OMWASCO's development needs. • Enhancement of internal resource mobilisation • Asset management • Standardise Cash Conversion Cycle • To align departmental plans and budgets to the strategic plan • To achieve budget Compliance • To achieve compliance with statutory regulations	The projected income and expenditure statement based on the principal assumptions above indicates an income of Kshs.190,559,878against an expenditure of Kshs.190,827,880 • The billing for water will improve to an average of Kshs.2.2 million on a monthly basis and the company will strive to collect old debts by 95% efficiency.	Bill all active connections • Identify illegal connections and surcharge • Meter high consumer flat rates • Maintain revenue collection efficiency of 95% • Disconnect all unpaid accounts on time • Reconnect all paid up accounts on time	During the year 22,000 accounts were billed on average monthly basis • The company collected a consolidated income of Kshs185,660,245 besides the grants and reimbursement for pipeline rerouting Kshs 8,686,872and Kshs5,493,682 grants. • Monthly collections at the company add up to 101% collection efficiency.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			• enter into part payment agreements	• 298 commitments valued at over 3.8m were made out of which Kshs2.1M was serviced in the period
Capacity Building	• To achieve optimum staffing levels • To undertake relevant training of members of staff • Align company policies with laws and regulations. • Performance management	• Technology deployment and usage - implement technical solutions to enhance work quality and efficiency, and project the image of a high-tech workforce. • Human resources development - harness and maintain an efficient and committed workforce. • Adopting and maintaining a customer-oriented approach in the service delivery. • Prepare a staffing plan and adequately staff the company to comply with regulatory requirements. • Review and implement tariff • Continually review the	• Install ERP at the company • Recruit substantive holders to management positions • Submit tariff proposal and negotiate new tariff • Revise HRAM manual, undertake strategic plan midterm review and Debt management proposal.	• The company has a functional ERP system having Finance, Billing, Procurement, Human resources and CRM modules • The company through the HR department has been proactive in effective management of the resource by undertaking training for capacity building, compliance with OSH Act and culture change. • The management tabled for Board approval revised ICT

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		existing strategies in line with the company, county and national goals.		manual, Procurement and disposal manual, NRW manual and Pro-poor manual
Risk Management	To develop and institutionalise a risk management framework and effective internal controls	Review and operationalise polices to enhance operation	Development and approval of policies	Developed for approval; Transport policy, Revised Finance Policy,
ICT and Digitization	Optimize the ICT Systems to effect process redesign and business reengineering	Adopt use of GIS, Ticketing systems and meter reading application	Inculcate use of ICT For consumer engagement.	GIS adopted for mapping of company assets and consumer connections. Mobile meter readings applied at 96% efficiency Use of social media applications to communicate with consumers enhanced

8. Corporate Governance Statement

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

The company appreciates the critical role of governance in management of the company. The process of governance is structure and managed through annual general meeting. The company directors retire by rotation and to ensure continuity. Advertisements are made to fill the vacant position and applicants who meet the minimum requirements are shortlisted. The company undertakes, induction of incoming directors and regular trainings to enhance the skills of the board to carry out its functions. The operationalization of the board is guided through the established board charter and industry benchmark as guided by the Mwongozo.

Roles and functions of the board

The roles of the board are clearly defined by the instrument of Board charter, memorandum and Articles of association and the committee charters. This ensures the board effectively discharges its mandate in the company in compliance with the law.

The key board mandate is;

- To maintain the assets in serviceable conditions according to good utility practice.
- To implement appropriate Asset Management Techniques
- To develop an Asset Management Plan and Procedures
- To manage the assets in an economical, efficient and sustainable manner.
- To foresee any improvements and demands of water services within the area.

To connect, disconnect and reconnect and charge for water services to the consumers

In this regard we are committed to best practice and continuously seek to promote best corporate governance practice.

Induction, training, and development

The company at the start of every financial period board undertakes capacity building for its members to enhance skills in the discharge of its duties. During the year the board was taken through corporate governance that covered the following topics; corporate governance, role of the board and management, financial reporting, procurement, CBA negotiations, & strategic planning. In the year, the board conducted a tour to the company's facilities, and a special training organised by GATSBY to reskill management and Board.

Board and members' performance

The company undertakes annual board evaluation to enable the board reach out and get

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

In line with the corporate governance guideline requirements, during the financial year 2024-25 the board held nine meetings and board attendance was as follows;

Succession plan

DIRECTOR NAME	NO SCHEDULED OF BOARD MEETING	MEETING ATTENDED
Mr. Moses N N Munyi- Managing Director	11	11
Eng. Benjamin Maingi- Board Chairman	11	11
Ms. Grace Iregi	11	11
Ms Rachel Muchunu	11	11
Mr. Charles Maina	11	11
Mr. Peter Gachoka	11	11
Mr. Wanjau Nyagah	11	11
MR. Kimani Rucuiya	11	11
M/s Beatrice Maina	11	10
Mr. Bernard Kiama	11	11

During the financial year the board in exercise of its mandate recognizes the role of a stable company in the achievement of the strategic goals of the company.
To effectively plan and execute a seamless implementation of the board mandate, two members of the board retired by rotation and the company substantively filled the positions during the AGM held on June 29, 2023 after adhering to the due process. The review was sanctioned by the stakeholders at an Annual General Meeting.
The company has an existing board charter, which defines the roles of the board. The board undertakes an annual self-evaluation of the board performance in line with the Charter and realigns itself to live in tandem with the Charter. During the year the company undertook a board evaluation in line with the charter.
The company memorandum and articles of association have defined the process of appointment and removal of directors. The MOA and AOA recognizes the role of stakeholders in effective appointment and retirement of directors. As a policy the company recognizes the need for gender balance in appointment of board. During the year then ended the company advertised to fill the position of the board of directors where women and persons with disability are normally encouraged to apply. Four Directors retired by rotation where two were not eligible for re-election.

Policy to manage conflict of interest.

The company has established and adopted a policy where board of directors are to be free from any interest and where there is real or perceived interest, the board members are obligated to declare the interest. The board has operationalised a register of interest to record any member interest at the agenda tabled in committee and board meetings. During the financial year ended June 30, 2024 there was no interest admitted at any sitting of the committee or the board.

Board remuneration

The company operates in a regulated sector. The cost attributed to the board is capped at the lower of 2% of the turnover and Kshs 7 million per annum as per clause 3.4.6 of the Corporate Governance

Guidelines for the Water Services Sector issued in 2018. During the year costs associated with the board amount to Kshs 6.6M which is within the approved costs. The board will continue to ensure that all costs are maintained within the approved provisions.

Ethics and Conduct

The Board has identified internal and internal stakeholders on which they agree in policy on how to relate to them especially relation to appointing the Directors and monitoring the performance of the company. On an annual basis the company has embraced signing of code of ethics by the board and staff of the company as a way to increase the company performance.

Governance audit

The company on an annual basis submits its data to the regulator for audit of compliance with the requirements of the governance structure. The report is usually considered and actioned in subsequent annual periods to close the gaps in governance. The company scored 85% in the previous assessment carried out by WASREB.

Communication policy

The company is in the process of developing a communication policy that will guide the company in the process of internal and external stakeholder engagement. In the meantime, the company applies the best industry practices and has defined the Managing director as the designate company spokesperson on operational matters while the Chairman of the board represents the company on strategic and governance matters.

Terms of Reference of Committees

The board discharges its functions through the three committee's including Finance and Administration, Technical and Internal audit committee. The committee discharges the business of the board or area specific and reports are then availed to the full board for discussion and adoption.

Policy on related party transactions

The committee does not have a guiding policy on third party transactions. This will be developed to guide the company in relation with third parties. However, the company recognises in its strategic plan the stakeholders and makes provisions on the level of engagements to adopt for every category of stakeholder.

9. Management Discussion and Analysis

Operational and Financial Performance

The company has over the five years experienced an increase in gross revenue over the years. The increase has been growing annually at 7% on average for the past five year period. There is a noted increase in cost during the period averaging at 12% pushed mainly by changing market dynamics. During the period, the company reviewed the tariffs and was issued with new structure effective December 2024. The tariff has resulted in significant change in the revenues for the company.

The table below shows the changes in revenue and expenditure over a five year period.

NOTE	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Operating Income	155,946,378	175,281,895	187,292,375	192,398,923	252,925,880
Interest incomes	2,867,007	2,688,289	4,817,306	4,249,248	3,645,550
Grants		34,637,271	5,493,682	248,776	10,648,776
Operating Expenditure	158,301,093	181,631,435	246,540,395	240,165,177	284,766,420
Taxation	860,102	948,797	1,445,192	1,274,775	1,111,665
Surplus (deficit)	**(347,810)**	**(4,610,048)**	**(70,015,694)**	**(44,543,002)**	**(18,657,878)**

● Customer Growth: The Company operates within Nyeri south and Mukurweini sub counties offering water and sanitation services in the area. The demand for the resources at the company has been consistent in the period as indicated through the consistent increase in connections over the five-year period as per the table below. The company during the year graduated from large to the very large category as per WASREB guidelines based upon the number of customer connections per table below. Othaya-Mukurweini Water and Sanitation PLC Annual Report and Financial Statements for the year ended June 30, 2025

NOTE	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Total number of registered water connections	33,225	34,294	35,528	36,284	37,390
Total number of active connections	19,274	20,551	21,763	22,375	23,972
Total number of inactive connections	13,361	13,743	13,765	13,909	13,418
Total active metered connections	17,920	19,570	21,298	22,225	23,972
Total active un-metered connections/flat rate	1,354	981	463	150	0

Key Projects or Investments

During the year the company invested in the following major projects as part of the sustaining strategies on the company operations.

S/ NO	PROJECT DESCRIPTION	VALUE (Kshs)
a)	Water meters and Distribution Pipelines The company procured and installed master meters to aid in NRW reduction.	2,566,680
b)	Motorcycles The company procured 20No motorbikes to ease movement in the field by the company staff.	3,252,000
c)	Computers and Accessories The company procured 10No laptops for the office staff	1,033,000
d)	Laboratory Equipment's & Loose tools The company procured laboratory Kit in addition to tools to enable operations at GiS and lab.	
e)	CLSG 2 Project During the period, the company contracted two companies to undertake projects funded under CLSG for the rehabilitation of pipelines in Othaya and Mukurwe-ini. It also compasses replacement of faulty meters at the company.	No financial commitment-project was in initial stages

● Major Risks Facing the Organization, The company consistently reviews the risk matrix and updates the risk register to ensure continuity of services even in view of major risks facing the organisation. The following matrix represents the risks facing the company and the mitigating factors. Othaya-Mukurweini Water and Sanitation PLC Annual Report and Financial Statements for the year ended June 30, 2025 xxvii

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
(i)	Inadequate resources	High	• Efficiency in resource utilisation through Proper annual work plans & budgets Documentation and reporting on resource utilisation • Enhance Public Private Partnership (PPP) to support capacity building, technical assistance and exchange programs • Increase generation and collection efficiency
(ii)	Staff turnover	Medium	• Build Capacity • Enhance staff incentive programs • improvement working environment
(iii)	Consumers with huge debts	High	• Negotiate with customers on payment modalities • Timely disconnection of defaulters to manage accumulation of debts

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
			• Engage debt collectors • Listing of defaulters with Credit Reference Bureau • Liaison with other agencies e.g., Nyeri County Government, Lands Board • Adhere to approved Debt policy
(iv)	Landslides/ mudslide	Medium	• Rerouting of pipelines • Anchoring on high-risk areas • Change of pipe materials • Installation of Pressure Reducing Valves • Timely repair of leaks
(v)	Wildlife menace	Low	• Engage KWS • Reroute pipelines
(vi)	Destructive land use practices in water catchment areas	High	• Rehabilitation of catchment areas • Public awareness • Liaising with the KFS to plant trees
(vii)	Conflict over the competing uses of the water resources	High	• Conduct public awareness • Engage Water Resources Authority
(viii)	Climate Change	High	• Build storage facilities • Participation in Conservation environment • Create public awareness
(ix)	Corruption	High	• Good corporate governance • Building strong ethical practices • Enforce/ invoke the law
(x)	Irrigation boreholes and wells	High	• Creation of public awareness • Provision of reliable treated water supply
(xi)	Quality risk	Medium	• Specification • Reporting & Inspections • Monitoring
(xii)	Safety of valves installations	Medium	• Secure the valves by cementing. • Sensitise the community on ownership
(xiii)	Non-delivery of goods	Low	• Enhance inspection committee

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
			• Fill the bin card immediately after issue and delivery of items • Stores management system
(xiv)	Not using riding gear	High	• Construct staff storage cabinets • To follow traffic rules • Training of riders • Provide helmets • Allocation of Motor bikes to individual riders
(xv)	Staff Indiscipline	Medium	• Team Building • Warning letters • Use of Disciplinary procedures • Evaluation of performance
(xvi)	Communication breakdown	High	• Enhance communication • Regular open staff meetings
(xvii)	Evaluation risks	Medium	• Cultivate the good culture • Set the performance targets
(xviii)	Virus, hacking, cybercrime	High	• Antivirus, restricted administration rights • Remote backup
(xix)	Burglary of offices	Medium	• Install CCTV • Insure office • Fencing of offices
(xx)	Fire outbreak	Medium	• Insurance • Install fire extinguishers, • Water Bowsers & Hydrants • Smoke detectors • Trap doors
(xxi)	Legal and compliance risk	High	• Compliance • Engage legal service
(xxii)	Pandemics	High	• Comply With covid prevention measures • Review work conditions for high-risk staff • align working office with acceptable

- Material Arrears in Statutory and Other Financial Obligations,

  During the financial year the company has no arrears in statutory obligations as at the close of the financial year. All obligations including VAT, PAYE, NSSF, NHIF are settled by due date except for the accrued cost for the month.
- Review of the Economy,

The company is registered and domiciled in Kenya under the company Act to offer water and sanitation services as an agent of the County Government of Nyeri. WASREB Impact 14, describes the following; Organisation for Economic Co-Operation and Development (OECD, 2012) describes the future globe as 'hot, crowded, and running out of fuel: Earth of 2050 a scary place'. The report paints a grim picture of the world in 2050 based on current global trends. It predicts a world population of 9.2 billion people, generating a global GDP four times the size of todays, requiring 80 percent more energy. With a worldwide energy mix still 85 percent reliant on fossil fuels by that time, it will be coal, oil, and gas that make up most of the difference, the OECD predicts. The report warns the result will be the 'locking in' of global warming, with a rise of as much as 6° C (about 10.8° F) predicted by the end of the century. Almost half the world's people will be living under severe water stress, predicts the OECD. Already, water stress – where the reliable water supply is being used up more quickly than it can be replenished – is widespread and is expected to increase significantly in the years ahead, particularly in North Africa, the Middle East, and Asia. The report further noted that the UN Othaya-Mukurweini Water and Sanitation PLC Annual Report and Financial Statements for the year ended June 30, 2024 Water Integrated Monitoring Initiative for SDG 6 (IMI-SDG6) states that the world is off-track on its journey to ensure water and sanitation for all by 2030. From the 2022 impact 15 transformative promises of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). The key word is 'inclusivity'. Ensuring universal access means providing services for all in all settings including schools, health-care facilities, workplaces, and public places while addressing the needs of all population groups. From the progress report launched in August 2021, there is a need to accelerate progress, in some areas up to four times faster, to meet SDG 6 within the next eight years. However, large data gaps remain for some indicators, hampering efforts to direct interventions where they are needed most. Prominent water experts from across the UN family are calling on governments to encourage more national and sub-national data collection, and help policy and decision makers to take data informed action. During the period Water Sector institutions carried out various activities related to climate resilience. During the period, Kenya National Water and Sanitation Investment and Financing Plan (NAWASIP) was developed. NAWASIP is the tool that both levels of government will use towards universal Water Services Sector coverage. It has five components with funding requirements of Kshs. 995 Billion over a period of eight years. The water sector is focused on sustainable development, fighting poverty, supporting food systems and creating jobs, prosperity, human rights and gender equality. The globe adopted the Water Action Agenda, a 'milestone' action plan containing almost 700 commitments to protect 'humanity's most precious global common good'. These commitments include the following;

➢ reducing the pressures on hydrological systems and ensuring good decision-making and smart policies.

➢ Developing new, alternative food systems to reduce the unsustainable use of water in food production and agriculture.

➢ Designing and implementing a new global water information system to guide plans and priorities by 2030

➢ Integrating approach on water, ecosystems and climate to reduce greenhouse gas emissions and strengthen communities.

➢ Having resilient infrastructure, water pipelines and wastewater treatment plans, and ensuring every person in the world is protected with early warning systems against natural disasters by 2027.

➢ continuing to press for climate justice and global action to limit global warming to a 1.5-degree rise.

➢ Dramatically accelerating resources and investment into the ability of all countries to reach Sustainable Development Goal 6.

- Review of the Sector

  The Company is in a regulated industry guided by various laws, policies and guidelines. The company has a target to achieve overall efficiency by achieving nine-point benchmarks set as tariff conditions as stated below;

	TARIFF BENCHMARK	KEY MEASUREMENT	COMPANY PERFORMANCE
(i)	Water Coverage	Number of people served with water services/ Population in Service area.	During the period the company had a total of 37,390 connections covering a total of 134,604 in population. 97.8%.
(ii)	Drinking Water Quality	This metric compares the company water quality in terms of Compliance with residual Chlorine standards, bacteriological standards and Drinking Water Quality	The company had a near perfect score on the water quality evaluated in the categories of Residual Chlorine100% Bacteriological Quality (100%) and, Overall drinking water quality of 100%. We shall endeavour to maintain high water quality standards on all water supplied to our system. 100%
(iii)	Hours of Supply	Weighted average of all registered zones, for water supplied throughout the financial year.	23.5 hours
(iv)	Personnel Expenditure as a Percentage of O&M Costs	Sum of personnel expenditures incurred during the reporting period compared with the Total O+M as a percentage	44.10%
(v)	Operation and Maintenance Cost Coverage	The metric compares the sum of billing for water, sewerage and other services and the sum total of "Total operating expenditures B" "Sum of expenses on personnel, BoD, General admin, direct operations, maintenance and levies and fees net of provisions.	118.83%
(vi)	Revenue Collection Efficiency	This comprises the total of all bills on water and sewerage services collected during the reporting period including arrears as a proportion of the annual billing.	84.02%

(vii)	Non-Revenue Water	NRW comprises of water from unauthorised consumption (e.g., illegal connections) + Customer meter reading inaccuracies, Estimates and Data Handling errors "Physical Losses B" Leakages on transmission and /or distribution pipes + Leakages and overflows at utility storage tanks + Leakage on service connections up to the point of customer use	43%
(viii	Metering Ratio	(Total number of active metered connections/Total number active of connections) *100	99%
(ix)	Staff Productivity	The total number of staff divided by the total number of connections within the WSP service area per thousand connections	4

- Future Developments

The company has developed a five year strategic plan, business plan for the 2022-2027 cycle. The plan focuses on six thematic areas including Infrastructural Development, Customer Experience, Financial and Resource Mobilization, Capacity Building, Risk Management, ICT and Digitization that will guide the strategic direction of the company. The company has partnered with TWWDA for the construction of a full treatment facility at Kaharo targeting Mwai Kibaki level 6 hospital. A further proposal for rehabilitation of Othaya urban and Mukurweini town reticulation system valued at Kshs30M has been approved by WSTF and is pending funding.

10. Environmental and Sustainability Reporting

OMWASCO exists to supply clean and accessible water to the residents of Nyeri South and Mukurweini water sub counties. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on six pillars: putting the customer/Citizen first, delivering clean water services, and improving operational excellence. During the period ending June 2025 which is the end term for the strategic period, the management noted our achievements in each pillar

i) **Sustainability strategy and profile** -The Company makes policies in line with the internal and macroeconomic business environment. During the period, the company revised various policies to enable the company to achieve the objectives in line with the law. During the period the company budget was to increase the customer base by installing new connections in its area of supply as well as NRW reduction in the company. In response to the changing business environment and adjusting its operations in line with the changes.

ii) **Environmental performance** -The Company has focused on environmental conservation annually by institutionalising tree planting where at least 10,000 trees were planted in various schools during the financial year. During the year, the company partnered with TWWDA for the extension of the sewer network in Othaya town, construction of sludge drying beds and an incinerator.

iii) **Employee welfare**-The company HR manual is dynamic to allow competitive recruitment of staff. The company management comprises three men and two ladies. The company undertook continued staff capacity building by training of staff in cross cutting issues. The organisation policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) was reviewed and is under implementation. The company's current establishment has men and ladies. The company, also in compliance with the law, is working to achieve gender balance and ethnicity compliance by encouraging people from all walks of life to apply.

iv) **Marketplace practices-Product stewardship**- The Company has taken efforts to safeguard consumer rights and interest through stakeholder engagements, union representation membership with WASPA, WASCO and FKE. The company still boasts of a strong SACCO welfare team and a framework with a robust arrangement with financial partners to ensure access to credit facilities by the company staff. v) Community Engagements-During the year the company as part of the strategic positioning and in response to community needs carried out the following CSR activities. The company shall continue to prepare and align operations with the environment it operates in. 103,823 Paid school fees for a needy students in Mukurweini and Karima Boys The company has become an active sponsor and participant during Mashujaa day celebrations 5,000 The company paid the water bills for customers identified as needy cases, and provided firewood for Mahiga, Boma and Bewomi Children's homes. Othaya-Mukurweini Water and Sanitation PLC Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of the Directors

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

i) Principal activities

The principal activities of the Company are provision of clean and affordable water & sanitation services.

ii) Results

The results of the company for the year ended June 30, 2025 are set out on page 1-5. Below is summary of the profit or loss made during the year.

	2024/25 FY	2023/24 FY*
Total Revenue	267,220,207	196,896,947
Total Expenses	284,766,420	240,165,177
Income Tax Expense/(Credit)	1,111,665	1,274,775
Profit/(Loss) After Taxation	**(18,657,878)**	**(44,543,002)**

iii) Dividends

The company has not declared dividends for the year ended June 30 2025 since the organisation operates in a regulated industry does to pay dividend on surplus. All surplus is recouped into the company for asset renewal and rehabilitations.

iv) Directors

The members of the Board of Directors who served during the year are shown on page iii In accordance with Regulation 30 of the company's Articles of Association.

v) Auditors

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

By Order of the Board



Name RICHARD K.

Company Secretary

Date: 28/08/2025

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

(i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;

(ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;

(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;

(iv) Safeguarding the assets of the Company;

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

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

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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 2025 28/08/ and signed on its behalf by:

.....

Weston Wambugu Kamau
Chairperson of the Board

.....

Moses N N Munyi
Managing Director

13. Report of the Independent Auditor on the Financial Statements of Othaya Mukurwe-ini Water & Sanitation PLC.

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Othaya Mukurwe-ini Water and Sanitation PLC set out on pages 1 to 59, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Othaya Mukurwe-ini Water and Sanitation PLC as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade and Other Receivables

The statement of financial position and as disclosed in Note 24 of the financial statements reflects gross trade receivables balance of Kshs.263,904,082. The aging analysis revealed that an amount of Kshs.34,532,410 and Kshs.149,263,087 representing 13% and 56% of these debts have been outstanding for between 3-5 years and over 5 years respectively. In addition, the gross trade receivable had increased to Kshs.263,904,082 from Kshs.233,869,790 over the last one year signaling difficulties in debt recoverability. Although the Company had made adequate provision for the doubtful debts, the debts have remained in the books due to lack of approval by the county to write them off.

In the circumstances, the accuracy, completeness and recoverability of trade and other receivables balance of Kshs.263,904,082 could not be confirmed.

2. Un-Disclosed Property, Plant and Equipment

The financial statements reflects total non-current assets of Kshs.36,266,499 as disclosed in Notes 20, 21 and 22. However, the amount excludes assets of undetermined values as disclosed in Note 40 that the Company is in possession and control of. The assets were developed through an African Development Bank (AFDB) Loan utilized on improvement of water production and distribution infrastructure including sewer treatment that was constructed in Othaya. The Company does not have ownership of the land and buildings since they have not been transferred to the Company by the defunct Tana Water

Services Board. In addition, the loan has not yet been transferred to Company for repayment despite it enjoying economic benefits from the facility.

In the circumstances, the accuracy, completeness ownership and valuation of non-current assets amount of Kshs.36,266,499 could not be confirmed.

3. Long Outstanding Trading Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflects Kshs.60,211,007 in respect of trading payables. The amount includes payables amounting to Kshs.22,938,777 which have been outstanding for more than a year.

In the circumstances, the accuracy and completeness of trading payables balance of Kshs.60,211,007 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

	Financial Year	Audit Issue
1	2023/2024	Property Plant and Equipment Not in Financial Statements
2	2023/2024	Lack of Ownership Documents
3	2023/2024	Long Outstanding Trade and Other Receivables

	Financial Year	Audit Issue
4	2023/2024	Long Outstanding Trade and Other Payables
5	2023/2024	Bill of customers with Estimates
6	2023/2024	Non-Revenue Water management
7	2023/2024	Movement of Conditional Liquidity Grants to Deferred Income without Approved Budget
8	2023/2024	Non-compliance with Budget Process Deadlines
9	2023/2024	Unbalanced Budgets
10	2023/2024	Non-compliance with Law on Ethnic Composition

Other Information

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

In connection with my audit 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 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. Non-Revenue Water

The financial statements reflect Kshs.251,057,020 in respect of operating revenue as disclosed in Note 6. Included in this amount is water sales of Kshs.230,361,267. During

the financial year the Company produced 6,990,634m3 of water, out of which only 2,966,813m3 was billed to customers, leaving a balance of 4,023,821m3, which represent approximately 43% of the total volume of water produced, as Non-Revenue Water (NRW). The Non- Revenue Water of 43% is over and above the allowable loss of 25% set by Water Services Regulatory Board guidelines.

In the circumstances, the high non-revenue water may have contributed negatively on the profitability of the Company, its ability to sustain the service and may lead it to rely on the County Government for grant support.

2. Non-Compliance with the Law on Staff Ethnic Composition

Review of the Company's Board of Directors composition revealed that all the nine (9) Board members were from the same ethnic community. Further, review of the staff records presented for audit revealed that out of one hundred and thirty-seven (137) members of staff, 93% were from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Non-Compliance with Law on Gender Balance

Review of the Company's Board of Directors composition revealed that six out of the nine Board members or approximately 67% were male and only three members were female. Further, review of the Human Resource files maintained at the Company revealed that the staff composition comprised of 74% male and 26% female. This is contrary to Article 27 (6) of the constitution which provides that, the State shall take legislative and other measures to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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, *2015*, I report, based on my audit, that except for the matter described in the Basis for Qualified Opinion, I confirm that:

i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

ii. Adequate accounting records have been kept by the company, so far as appears from the examination of those records; and,

iii. The Company's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 November, 2025

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

	Note	*2024/25 FY*	*2023/24 FY**
		Kshs	**Kshs**
Revenue			
Operating Revenue	6	251,057,020	177,771,816
Grants Income	7	10,648,776	248,776
Other Income	8	854,388	14,627,107
Finance income	9	3,645,550	4,249,248
Other gains/(losses)	10	1,014,472	-
Total Revenue		**267,220,207**	**196,896,947**
Expenses			
Staff Costs	11	97,978,307	86,396,294
General, Admin and Operations expenses*	12	80,094,076	60,398,369
Board Expenses	13	6,612,679	6,897,198
Maintenance Expenses	14	40,255,193	45,654,138
Depreciation and Amortization expenses*	15	59,826,164	40,819,178
Finance Costs	16	-	-
Total Expenses		**284,766,420**	**240,165,177**
Profit/(Loss) Before Taxation		**(17,546,213)**	**(43,268,228)**
Income Tax Expense/(Credit)	17	**1,111,665**	**1,274,775**
Profit/(Loss) After Taxation		**(18,657,878)**	**(44,543,002)**
Earnings Per Share – Basic and Diluted	18	(3,732)	(8,909)
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		-	-
Surplus or deficit on revaluation of PPE		-	-
Re-measurement of net defined benefit liability		-	-
Fair Value Gain/(Loss) On Investments in Equity Instruments Designated as At FVTOCI (Fair Value Through Other Comprehensive Income)		-	-
Total Comprehensive Income for The Year		-	-

**The company moved provisions for bad and doubtful debts from General & operating expenses to Depreciation & amortisation costs. The change does not amount to revaluation of the amount expensed in the prior reporting period.*

15. Statement of Financial Position as at 30 June 2025

	Note	*2024/25 FY*	*2023/24 FY*
		Kshs	**Kshs**
Assets			
Non-current assets			
Property, plant and equipment	20	25,521,589	23,161,509
Intangible assets	21	1,540,198	2,310,286
Deferred Asset	22	9,204,711	9,453,487
Total non-current assets		**36,266,499**	**34,925,282**
Current assets			
Inventories	23	10,830,496	12,211,863
Trade and receivable	24	58,886,000	82,856,387
Short-term deposits	25	6,760,000	43,087,600
Cash and Bank Balances	26	137,728,046	28,897,012
Deferred Asset	27	248,776	248,776
Total current assets		**214,453,318**	**167,301,638**
Total Assets		**250,719,816**	**202,226,920**
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	28	100,000	100,000
Retained earnings	29	78,043,684	96,701,562
Capital Grants	30	71,127,255	9,702,263
Capital and Reserves		**149,270,939**	**106,503,825**
Non-current liabilities			
Deferred tax liability	31	-	-
Total non-current liabilities		**-**	**-**
Current liabilities			
Staff Liabilities and other payables	34	5,752,927	35,700,340
Refundable deposits and Prepayments	35	34,173,890	29,404,784
Trading Payables	36	60,211,007	29,516,583
Provisions for Tax	37	751,354	637,387
Other Provision	38	559,700	464,000
Total current Liabilities		**101,448,878**	**95,723,095**
Total Equity and Liabilities		**250,719,816**	**202,226,920**

The financial statements were approved by the Board on 28/08/2025 2025 and signed on its behalf by:

.....	.....	.....
Moses N. N. Munyi	**Peter N. Gakuru**	**Weston Wambugu Kamau**
Managing Director	**Head of Finance**	**Chairman of the Board**

ICPAK M/No:12592

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

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Fund	Total
As at July 1, 2023					**141,244,564**		**9,951,039**	**151,195,603**
New capital issued		100,000						100,000
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year	17	-	-	-	(44,543,002)	-	-	(44,543,002)
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	27	-	-	-	-	-	(248,776)	(248,776)
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As at June 30, 2024		**100,000**	**-**	**-**	**96,701,562**	**-**	**9,702,263**	**106,503,825**

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Fund	Total
As at July 1, 2024		**100,000**	**-**	**-**	**96,701,562**	**-**	**9,702,263**	**106,503,825**
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year	17	-	-	-	(18,657,878)	-	-	(18,657,878)
Capital/Development grants received during the year	27	-	-	-	-	-	61,673,768	61,673,768
Transfer of depreciation/amortisation from capital fund to retained earnings	27	-	-	-	-	-	(248,776)	(248,776)
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June 30, 2025		**100,000**	**-**	**-**	**78,043,684**	**-**	**71,127,255**	**149,270,939**

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

	Note	*2024/25 FY*	*2023/24 FY*
		Kshs	**Kshs**
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	39	215,876,296	180,322,792
Non-Operating Receipts			
Other Income	39	6,647,304	14,627,107
Finance Income	39	3,705,550	4,249,248
Capital Grants		-	
Operating Grants		10,400,000	-
Prepayments		2,561,708	
Customer Deposit Receipts	39	2,473,398	1,297,500
Compensation income			
Total Receipts		**241,664,256**	**200,496,647**
Payments			
Administration Cost	39	(59,639,746)	(67,806,258)
Personnel Costs		(94,655,319)	(85,117,708)
Water Supply Operation and Maintenance		(40,255,193)	(45,654,138)
Board Expenses		(6,612,679)	(6,897,198)
Refund of Customer Deposits		(266,000)	-
Payment for income tax		(997,698)	(837,387)
Payment of arrears		0	9,773,072
Total Payments		**(202,426,635)**	**(196,539,617)**
Net Cash From/ (Used In) Operating Activities		**39,237,621**	**3,957,030**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment (PPE)	39	(6,214,130)	(4,049,045)
Purchase of Intangible Assets		-	(3,000,000)
Proceeds From Disposal of Quoted Investments			-
Net Cash From/ (Used In) Investing Activities		**(6,214,130)**	**(7,049,045)**
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital			-
Receipt of Conditional Capital Grant	39	46,499,449	
Net Cash From/ (Used In) Financing Activities		**46,499,449**	**-**
Increase/(Decrease) In Cash and Cash Equivalents		**79,522,940**	**(3,092,014)**
Cash And Cash Equivalents at Beginning of Year		**64,965,105**	**68,057,119**
Cash And Cash Equivalents at End of The Year		**144,488,045**	**64,965,105**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
Receipts						
Operating Revenue	250,251,348	(4,500,000)	245,751,348	251,057,020	(5,305,672)	102%
Recurrent and Capital Grants	106,000,000	(48,675,172)	57,324,828	57,147,372	177,456	100%
Finance Income	3,000,000	700,000	3,700,000	3,705,550	(5,550)	100%
Other gains and other incomes	446,880	1,364,702	1,811,582	1,808,860	2,722	100%
Total Receipts	**359,698,228**	**(51,110,470)**	**308,587,758**	**313,718,802**	**-5,131,044**	
Payments			-		-	
Staff Costs	99,427,073	(1,447,000)	97,980,073	97,978,307	1,766	100%
Administration Expenses	39,495,988	(2,104,500)	37,391,488	37,311,442	80,046	100%
General and operations Expenses	15,430,488	4,768,620	20,199,108	20,126,286	72,822	100%
Maintenance	13,648,169	2,900,000	16,548,169	16,499,525	48,644	100%
Finance costs	11,830,150	(280,000)	11,550,150	11,546,715	3,435	100%
Operation & Maintenance Water	19,558,593	(858,000)	18,700,593	18,575,113	125,480	99%
Non-revenue expenses	23,642,195	(7,800,000)	15,842,195	15,310,325	531,870	97%
Board Expenses	6,723,154	-	6,723,154	6,612,679	110,475	98%
Taxes	362,418	837,582	1,200,000	1,111,665	88,335	93%
Depreciation and Amortization	4,300,000	1,548,000	5,848,000	5,821,485	26,515	100%
Total Recurrent Expenditure	**234,418,228**	**(2,435,298)**	**231,982,930**	**230,893,542**	**1,089,388**	
Capital Cost	125,280,000	(48,675,172)	76,604,828	7,247,130	69,357,698	9%
Surplus	-	-	-	**75,578,130**	**75,578,130**	

Explanation of differences between actual and budgeted amounts (10% difference over/ under).

(a) Capital Costs; - During the year the Company received grants from WSTF to undertake pipeline replacement in select areas, as at the close of the year the project had not started though procurements were ongoing.

19. Notes to the Financial Statements

1. General Information

Othaya Mukurwe-ini Water & Sanitation PLC is established by and derives its authority and accountability from Water Act 2015. The Company is wholly owned by the Nyeri County Government and is domiciled in Kenya. The Company's principal activity is provision of water and sanitation service. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 5.*

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

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

Notes to the financial statements (continued)

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

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

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: i. When a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. New or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	1 January 2026

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

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January2027.Earlier application is permitted.

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

iii. Early adoption of standards

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

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

i) **Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.

ii) **Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.

iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.

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

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

Notes to the financial statements (continued)
Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

Item	Years	Rates
Furniture and Fittings	8	12.50%
Computers and Accessories	3	33.30%
Water meters and Distribution Pipelines	5	20%
Motorcycle/ Vehicle	4	25%
Water Tanks & Buildings	40	2.50%
Laboratory Equipment & Loose tools	8	12.50%
Furniture and Fittings	8	12.50%

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

e) Intangible assets

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

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

Summary of Accounting Policies

h) Right of Use Asset

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

i) Biological Assets

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

j) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI). The company did not invest under this line.

Summary of Accounting Policies

k) Quoted investments

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

l) Unquoted investments

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

m) Inventories

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

n) Trade and other receivables

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

o) Taxation

i) Current income tax

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

Summary of Accounting Policies

returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

p) Deferred tax

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

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

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

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

Summary of Accounting Policies

q) Borrowing costs

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

r) Cash and cash equivalents

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

Restricted cash

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

s) Borrowings

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

t) Trade and other payables

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

u) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2024. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% per employee per month.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

x) Budget information

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

Accordingly, the Company recorded additional appropriations of Ksh**(15,109,758)**on the 2024-25 budget following the Boards approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of -

Summary of Accounting Policies

profit or loss,whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 16 of these financial statements.

y) Service concession arrangements

The Company analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Company recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

z) Comparative figures

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

aa) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

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 15.

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.

(Include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Notes to the financial statements (continues)

6. Operating Revenue

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Water sales	230,361,267	161,320,386
Sewerage Services	14,902,838	11,530,750
Billing for other services*	5,792,916	4,920,680
Total	**251,057,020**	**177,771,816**

Billing for other services refers to income generated from services such as reconnection fees, sales of sludge, surcharges, turn on and turn off fees.

7. Grants Income

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Operational grants from Government entities	-	-
Recurrent/operational grants from other agencies	-	-
Capital grants amortised	248,776	248,776
Donations from County Governments	10,400,000	-
In Kind contribution/donations from other agencies	-	-
Total	**10,648,776**	**248,776**

(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).

A detailed analysis of grants received from the Government is as listed in the table below:

Name of the Entity sending the grant	**Amount recognized in the Statement of Comprehensive Income KShs**	**Amount deferred under deferred income KShs**	**Amount recognised in capital fund. KShs**	**Total grant income during the year KShs**	**2024/25 FY KShs**
WSTF	248,776	248,776	-	248,776	248,776
County Government of Nyeri	10,400,000	10,400,000	-	10,400,000	-
Total	**10,648,776**	**10,648,776**	**-**	**10,648,776**	**248,776**

Notes to the financial statements (continued)

8. Other Income

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Sale of Tender	-	-
Fine and penalties	-	-
Rental income	-	-
Insurance compensation	-	-
Miscellaneous income (specify)	-	-
Disposal of assets	26,100	53,301
Fine and penalties	487,000	626,128
Compensation for loss of value	341,288	13,947,679
Total	**854,388**	**14,627,108**

9. Finance Income

	2024/25 FY	*2023/24 FY*
Description	**Kshs**	**Kshs**
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	3,645,550	4,249,248
Interest on staff loans	-	-
Dividends	-	-
Total	**3,645,550**	**4,249,248**

The company earned interest income from fixed deposits held at commercial bank negotiated at prevailing market rates during the period.

10. Other Gains and Losses

	2024/25 FY	*2023/24 FY*
Description	**Kshs**	**Kshs**
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	1,014,472	-
Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
Total	**1,014,472**	-

Notes to the financial statements (continued)

11. Staff Costs

	2024/25 FY	*2023/24 FY*
Description	**Kshs**	**Kshs**
Gross Salary and Allowances	82,366,586	72,109,893
Casual workers' Wages	1,616,493	847,645
Employer's contributions to social security schemes	3,838,928	2,148,555
Employer's contributions to pension scheme	5,246,240	5,221,533
Leave pay	1,732,004	1,473,424
Gratuity	2,974,268	3,590,119
Nita		74,100
Other allowances	203,788	30,400
Affordable Housing		900,625
Total	**97,978,307**	**86,396,294**
The average number of employees during the year		
Permanent employees-Management	5	5
Permanent employees-Unionisable	78	78
Temporary and Contract Employee	56	42
Interns	2	2
Total	**141**	**127**

The company pays pension contribution as per the NSSF Act. In addition, the company contributes 15% to CPF registered pension services being pension contribution for employees for all permanent staff. In addition, gratuity is paid at 31% of basic pay for staff in Job group 6 and above and remitted to a registered pension scheme for management.

Casual employees are employees engaged to fill operational gaps on a temporally basis as the company works to increase the revenues.

12. General, Admin and Operations Expenses

	2024/25 FY	*2023/24 FY*
Description	**Kshs**	**Kshs**
Advertisement	518,914	360,760
Affordable Housing	1,132,464	900,625
AGM Costs	1,107,300	494,320
Audit fee	464,000	464,000
Bank Charges	103,689	88,011
Compensation for damages	107,448	-
Conference meetings	2,678,595	2,057,060
Corporate Social Responsibility	8,000	148,103
Customer Service Week	96,800	627,699
Electricity for Administration	412,285	494,700
Electricity for Production	922,622	1,258,000
General Insurance	748,118	1,196,773
General Office expenses	752,233	499,661
Insurance Medical	4,295,271	4,593,938
Internet services	653,960	696,930
Journals and News Paper	-	5,820
Kenya forest	480,240	480,240
Laboratory Reagents & Equipment	268,512	194,686
Lease	892,330	782,300
Lease fee & Regulatory levy	10,059,915	7,337,060
Legal & professional	1,795,780	1,436,283
Membership/Subscription fees	175,500	231,400
Milk Cost, Standby & Holiday expense	1,013,993	901,295
Motor Vehicle/Cycle Fuel and Lubricants	8,059,258	7,237,946
NITA	80,850	74,100
OSHA Compliance	394,378	587,266
Permits and licenses	2,250,353	1,171,444
Postage and Delivery	1,461,951	1,248,343
Public participation	907,000	403,200
Security	3,024,000	2,677,000
Sports	4,278,190	2,328,356
Staff end year party	962,200	719,555
Staff Uniforms	141,825	240,640
Staff welfare	162,000	140,000
Stationery & Printing	885,941	670,212
Governance Compliance	4,001,722	1,446,258
Telephone	1,391,318	1,097,400
Token of appreciation	504,000	287,413

Description	*2024/25 FY*	*2023/24 FY*
	KShs	KShs
Training staff	3,948,362	1,178,450
Travel & Subsistence	3,366,630	3,847,535
VAT additional assessment	-	180,747
Water Abstraction Fee (WARMA)	5,939,370	2,243,160
Water Treatment Chemicals	9,626,761	8,324,405
WRUA Subscription	20,000	20,000
Total	**80,094,076**	**61,373,094**

13. Board Expenses

Description	*2024/25 FY*	*2023/24 FY*
	KShs	KShs
Chairman Honoraria	342,852	342,852
Sitting allowances	3,450,725	3,229,246
Induction and Training	2,819,102	3,325,100
Total Board Expenses	**6,612,679**	**6,897,198**

14. Maintenance Expenses

	2024/25 FY	*2023/24 FY*
Description	**Kshs**	**Kshs**
Maintenance of Software	1,984,000	1,984,000
GIS costs	95,000	278,300
Motor Vehicles/cycles	2,752,800	1,762,574
Repairs and maintenance buildings	982,525	436,792
Repairs Computers & Computer accessories	317,060	697,236
Environment Conservation	502,000	47,000
Intake Maintenance	226,820	247,800
Minor Works	13,030,560	18,411,738
New connection Installation	6,547,167	3,199,500
Non-Revenue Management costs	8,668,158	11,570,490
Maintenance water system	5,100,943	6,221,308
Assorted Tools	-	346,606
Meter testing Cost	-	94,000
Sewer System Maintenance	48,160	356,794
Total Maintenance Expenses	**40,255,193**	**45,654,138**

15. Depreciation, Impairment and Amortization Expenses

Description	Insert Current FY	Insert 2023/24 FY
	KShs	KShs
Property, plant, and equipment	4,802,622	3,953,824
Right of Use Assets	-	-
Intangible assets	770,088	1,155,126
Investment property carried at cost	248,776	248,776
Increase in provision for Bad and Doubtful debts (General and specific)*	54,004,679	35,461,452
Total Depreciation and Amortization	**59,826,164**	**40,819,178**

*****The amount under Provision for bad and doubtful debts has been moved from general costs and reported and this category as it does not involve cash movement. The company revised the debt policy for provisioning to allow a more realistic presentation of aged debt as shown below;

Age of Debt	Default Risk	Impairment	Total Debt	Impairment
Than 1 year	Moderate	30%	58,009,917	17,402,975
1-2 Years	High	50%	21,452,184	10,726,092
3-5 Years	Very High	80%	34,532,410	27,625,928
Over 5 Years	Fully impaired	100%	149,263,087	149,263,087
		Totals	**263,257,598**	**205,018,082**

16. Finance costs

	2024/25 FY	*2023/24 FY*
Description	**Kshs**	**Kshs**
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (specify)	-	-
Total	-	-

There were no financing charges in the period.

17. Income Tax Expense/(Credit)

Current taxation

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Current taxation based on the adjusted profit for the year at 30%	1,111,665	1,274,776
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
Total	**1,111,665**	**1,274,776**

Notes to the financial statements (continued)

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

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Profit(Loss) before taxation	(17,546,213)	(43,268,228)
Tax at the applicable tax rate of 30%	(5,263,864)	(12,980,468)
Tax effect on expenses not deductible for tax	34,181,487	1,607,317
Tax effect on Incomes not deductible for tax	(4,306,298)	(74,633)
Tax effect on excess capital allowances	(4,091,000)	(2,380,428)
Deferred Tax prior year overprovision	-	-
Tax effect on losses B/F net of loss C/F	(8,377,209)	5,018,766
Total	**(5,403,097)**	**(52,077,673)**

18. Earnings Per Share

The earnings per share (3,732) (2023-24 (8,909)) is calculated by dividing the loss after tax of Kshs.(18,657,878)(2023-24 FY Kshs 44,543,002) by the average number of ordinary shares in issue during the year of 5,000 (2023-24: 5,000). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

19. Dividend Per Share

The company being in a regulated industry is not required to distribute the surpluses as dividend. The amount is recouped in the company to enable maintenance and renewal of infrastructure. The dividends declared was Nil (2023-24; Nil)

20. Property, Plant and Equipment

Description	Water Tanks & Buildings	Water meters and Distribution Pipelines	Motorcycle / Vehicle	Computers and Accessories	Furniture and Fittings	Laboratory Equipment & Loose tools	Work in Progress	Totals	Capital Grant
Depreciation rate	**2.50%**	**20%**	**25%**	**33.30%**	**12.50%**	**12.50%**			**2.50%**
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
As At 1 July 2023	9,968,670	94,769,696	7,477,240	11,416,444	3,490,758	5,285,533	-	132,408,341	10,206,194
Additions	-	1,452,180	-	1,118,840	-	1,478,025	-	4,049,045	-
Disposals									
As at 30th June 2024	**9,968,670**	**96,221,876**	**7,477,240**	**12,535,284**	**3,490,758**	**6,763,558**	**-**	**136,457,386**	**10,206,194**
Additions	-	2,566,680	3,252,000	1,033,000	-	395,450	-	7,247,130	-
Disposals	-	-	(3,427,000)	(218,900)	-	-	-	(3,645,900)	-
As at 30th June 2025	**9,968,670**	**98,788,556**	**7,302,240**	**13,349,384**	**3,490,758**	**7,159,008**	**-**	**140,058,616**	**10,206,194**
Depreciation And Impairment									
At 1July 2023	1,635,377	87,975,036	6,761,387	9,362,620	1,687,372	2,158,880	-	109,342,054	255,155
Depreciation	208,332	1,649,368	238,618	1,056,497	225,423	575,585	-	3,953,823	248,776
As At 30th June 2024	**1,843,709**	**89,624,404**	**6,761,387**	**10,419,117**	**1,912,795**	**2,734,465**	**-**	**113,295,877**	**503,931**
Depreciation	203,124	1,832,830	980,419	1,035,935	197,245	553,068	-	4,802,622	242,557
Disposal	-	-	(3,380,822)	(180,650)	-	-	-	-3,561,472	
As at 30th June 2025	**2,046,833**	**91,457,234**	**4,360,984**	**11,274,402**	**2,110,040**	**3,287,533**	**-**	**114,537,027**	**746,488**
NBV As at 30th June 2024	**8,124,961**	**9,164,152**	**540,853**	**2,930,267**	**1,577,963**	**4,424,543**	**-**	**26,762,739**	**9,702,263**
NBV As at 30th June 2025	**7,921,837**	**7,331,322**	**2,941,256**	**2,074,982**	**1,380,718**	**3,871,475**	**-**	**25,521,589**	**9,459,706**

Capital grant relate to finances issued for the purpose of DTF construction. This being a capital grant, it will be amortised over the life of the asset in this case 40 years

Valuation

No items were valued during the period.

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Furniture and Fittings	3,490,758	2,110,040	1,380,718
Computers and Accessories	13,349,384	11,274,402	2,074,982
Water meters and Distribution Pipelines	98,788,556	91,457,234	7,331,322
Motorcycle/ Vehicle	7,302,240	4,360,984	2,941,256
Water Tanks & Buildings	9,968,670	2,046,833	7,921,837
Laboratory Equipment & Loose tools	7,159,008	3,287,533	3,871,475
Work in Progress	-	-	-
	140,058,616	**114,537,027**	**25,521,589**

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

		Normal annual depreciation charge
	Cost or valuation	
Plant and machinery	-	-
Motor vehicles, including motorcycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

Property plant and Equipment does not include the following assets which are owned and recorded in the books of TWWDA at a value estimation of Kshs 89,427,400.

The transfer of the assets will be guided by the Intergovernmental Relations Technical Committee (IGRTC). In addition, a set of treatment and distribution network was constructed through AFDB Loan. The loan has not been recognized but a disclosure is made under Note 40.

21. Intangible Assets

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Cost		
At July 1	14,060,742	11,060,742
Additions	-	3,000,000
Disposals	-	-
At June 30	**14,060,742**	**14,060,742**
Amortization		
At July 1	(11,750,456)	(10,595,330)
Charge for the year	(770,088)	(1,155,126)
Disposals	-	-
Impairment loss	-	-
At June 30	**(12,520,544)**	**(11,750,456)**
Net book value		
At June 30	**1,540,198**	**2,310,286**

Intangible assets is the cost of ERP Software procured by the company in 2019 and has been under implementation module by module basis.

22. Deferred Asset

	2024/25 FY	**2023/24 FY**
	Kshs	**Kshs**
Bal/B/d	9,702,263	9,951,039
Grants		
Transfer of depreciation from capital fund to retained earnings	(248,776)	(248,776)
	9,453,487	**9,702,263**
Classified as;		
Current Asset	248,776	248,776
Deferred Asset	9,204,711	9,453,487
	9,453,487	**9,702,263**

The company received a grant from WSTF for capital asset development (Decentralized facility) which are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs (Depreciation) for which the grants are intended to compensate as per IAS 20.

23. Inventories

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Building Materials	2,874	-
Chemicals	2,182,970	2,034,532
PPR And Fittings	26,194	105,601
GI Pipes And Fitting	4,228,264	9,159,876
HDPE Pipe and fitting	2,360,055	-
ICT Consumables	40,000	-
UPVC Pipe And fitting	1,264,575	-
New Connection	184,230	-
Tires	144,750	152,500
Water Inventory	76,199	35,897
Stationeries	320,385	400,394
Total	**10,830,496**	**11,888,800**

Valuation for water inventory is carried out on lower of cost and net realisable value. The production and unit cost is determined as follows:

Cost Of Water Production	**Unit of production**	**Cost Estimate**
Chemicals		9,626,761
Electricity		922,622
Labor		10,114,773
KFS		480,240
Environment Conservation		502,000
Intake Maintenance		226,820
WARMA		5,939,370
		27,812,586
Water Production	17948	6,551,020
Unit Costs		4
Net Realizable Value @33ksh	**17948**	**592,284**
Water at Cost Value @33ksh	**17948**	**76,199**

23. a) Inventory movement details

Description	*2024/25 FY*	*2023/24 FY*
	KShs	**KShs**
At the beginning of the year	**11,888,800**	**12,832,709**
Purchases during the year	42,248,085	-
Recovered during the year	-	-
Usage during the year	(43,306,389)	-
Others specify	-	-
At the end of the year	**10,830,496**	**11,888,800**

24. Trade and Other Receivables

	2024/25 FY	*2023/24 FY*
	KShs	**KShs**
Trade receivables (note (24a))	263,257,597	233,756,790
Deposits and prepayments	105,000	105,000
VAT (Value Added Tax) recoverable	541,485	8,000
Staff receivables (note 24 (c))	-	-
Other receivables	-	-
Gross trade and other receivables	**263,904,082**	**233,869,790**
Provision for bad and doubtful receivable (note24 (b))	(205,018,082)	(151,013,402)
Net trade and other receivables	**58,886,000**	**82,856,388**

24. (a) Trade Receivables

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Gross trade receivables	263,904,082	233,869,790
Provision for doubtful receivables	(205,018,082)	(151,013,402)
Net trade receivables	**58,886,000**	**82,856,388**
As at June 30, the ageing analysis of the gross trade receivables from was as follows:		
Than 1 year	58,009,917	34,455,536
1-2 Years	21,452,184	197,153,401
3-5 Years	34,532,410	-
Over 5 Years	149,263,087	-
	263,257,598	**231,608,937**

24 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	*2024/25 FY*	*2023/24 FY*
	KShs	KShs
At the beginning of the year	(151,013,403)	(115,551,951)
Additional provisions during the year	(54,004,679)	(35,461,452)
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	(205,018,082)	(151,013,402)

24 (c) Staff Receivables

	2024/25 FY	*2023/24 FY*
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

24. (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	*2024/25 FY*	*2023/24 FY*
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

25. Short Term Deposits

	2024/25 FY	*2023/24 FY*
	Kshs	Kshs
Commercial banks		
Fixed deposit Equity bank	6,760,000	14,107,000
Fixed deposit Coop bank	-	10,000,000
Kenya Commercial Bank-Fixed Deposit Account	-	18,980,600
	6,760,000	**43,087,600**

The average effective interest rate on the short-term deposits as at June 30, 2025 was7.5% (2024: 9%).

26. Bank and Cash Balances

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Current Account (note (26a))	23,640,045	9,731,581
Collection Accounts (note (26b))	17,413,766	2,960,751
Project Accounts(note (26c))	75,211,897	16,102,491
Other Accounts(note (26d))	21,462,338	102,188
	137,728,046	**28,897,011**

Detailed analysis of the cash and cash equivalents

		2024/25 FY	*2023/24 FY*
Financial institution	**Account number**	**KShs**	**KShs**
26 a Current account			
Cash at Hand	-	-	-
Cash At Bank (KCB)	1101548886	10,507,549	5,339,881
Cash At Bank (KCB)	1334839654	10,334,540	-
Cash At Bank (Equity Bank Dev't)	1118358708	-	3,971,855
Equity Savings PLC	80286393282	500	-
Equity Savings Account	80290363165	866,226	419,845
Equity Savings Account PLC	80286393265	1,931,230	-
Sub- total		**23,640,045**	**9,731,581**
26.b On – call deposits			
M-Pesa Account	968200	288,429	1,133,690
Cash at Bank-Equity Eazzy 24/7	80299032536	1,799,925	112,615
Cash at Bank-Equity Eazzy 24/7 PLC	80286	500	
Cash At Bank (Coop Bank) Collection AC	1101897367001	15,324,913	1,714,447
Sub- total		**17,413,766**	**2,960,752**
26.c Fixed deposits account			
Cash At Bank KCB(CLSG II)	1334839719	61,673,768	15,175,172
Cash At Bank KCB(Escrow Account)	1315339897	7,064,362	927,319
Cash At Bank KCB(AfDB)	80290289364	6,473,767	-
Sub- total		**75,211,897**	**16,102,491**
26.d Others(specify)			
Cash At Bank KCB -Customer Deposit Account	1334839670	21,462,338	102,188
Sub- total		**21,462,338**	**102,188**
Grand total		**137,728,046**	**28,897,012**

27. Deferred Asset

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Balance B/d	9,702,263	9,951,039
Grants from Government	46,499,449	-
Prior year receipt	15,174,319	
Transfer of depreciation/amortization from capital fund to retained earnings	(248,776)	(248,776)
Total	**71,127,255**	**9,702,263**
Classified as:		
Deferred Current Asset	248,776	248,776
Deferred Non-current Asset	9,204,711	9,453,487
Cash at Bank-WSTF	61,673,768	-
Total	**71,127,255**	**9,702,263**

28. Ordinary Share Capital

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Authorized:		
5,000 ordinary shares of Kshs20. par value each	100,000	100,000
Issued and fully paid:		
5,000 ordinary shares of Kshs.20 par value each	**100,000**	**100,000**

During the close of 2023-24FY, the company transitioned from a company registered by guarantee to a company registered by shares fully owned by the County Government of Nyeri.

29. Retained Earnings

	2024/25 FY	*2023/24 FY*
	Kshs	**Kshs**
Brought Forward	96,701,562	141,244,564
Revision due to TWWDA adjustment	-	-
Surplus (loss)	(18,657,878)	(44,543,002)
	78,043,684	**96,701,562**

The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilised to finance the entity's business activities.

30. Capital Grant

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Bal/B/d	9,702,263	9,951,039
Grants from Government	46,499,449	-
Prior year receipt	15,174,319	-
Transfer from Capital Grant to retained earnings1	(248,776)	(248,776)
Total Grants	**71,127,255**	**9,702,263**

31. Deferred tax liability

The company did not have any deferred Liability as at June 2025.

32. Revaluation Reserve

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

33. Fair Value Adjustment Reserve

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

The entity contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by CPF Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

34. Trade and Other Payables

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Trade payables	-	-
Dues to related Parties	-	20,526,021
CLSG II-Conditional grant	-	15,174,319
Staff Costs	5,752,927	-
Total	**5,752,927**	**35,700,340**

Notes to the financial statements (continued)

Aging Analysis for Trade and other Payables

	Insert Current FY	% of the total	Insert 2023/24 FY	% of the total
Under one year	5,752,927	100%	15,174,318	42.5%
1-2 years	0	0%	20,526,022	57.5%
2-3 years	0	0%	-	0%
Over 3 years	0	0%	-	0%
Total	**5,752,927**		**35,700,340**	

35. Refundable Deposits and Prepayments

	2024/25 FY	2023/24 FY
	Kshs	***Kshs***
Balance Brought forward	29,404,784	27,781,284
Prepaid Accounts *	2,561,708	-
Deposits for the year	2,473,398	1,297,500
Refund of Deposit	(266,000)	-
Security for tender sale	-	326,000
Total	**34,173,890**	**29,404,784**

**Prepayments have been revised and moved from creditor's prepayments and approvals. This does not result in prior year changes in the value carried forward.*

Aging Analysis for Refundable Deposits and Prepayments

	2024-25 FY		% of the total	2023/24 FY	% of the total
Under one year	5,035,106		15%	1,623,500	6%
1-2 years	1,357,500		4%	1,816,625	6%
2-3 years	1,816,625		5%	1,748,820	6%
Over 3 years	25,964,659		76%	24,215,839	82%
Total	**34,173,890**			**29,404,784**	

36. Trading Payables

	2024/25 FY	2023/24 FY
	Kshs	***Kshs***
Trading Payables	60,211,007	24,944,135
Staff Costs	-	2,424,596
Prepaid Accounts *	-	2,147,852
Total	**60,211,007**	**29,516,583**

Trading Creditors are classified as follows;

	2024-25 FY		2023/24 FY	% of the total
Under one year	37,272,230	62%	23,173,926	94%
1-2 years	15,417,347	26%	922,213	3%
2-3 years	5,719,923	9%	0	0.%
Over 3 years	1,801,507	3%	847,997	3%
Total	**60,211,007**		**29,516,583**	

37. Taxation

	2024/25 FY	2023/24 FY
	Kshs	Kshs
At beginning of the year	637,387	-
Income tax charge for the year	1,111,665	1,274,775
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	(997,698)	(637,388)
At end of the year	**751,354**	**637,387**

38. Other Provisions

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Provision for Audit Services	464,000	464,000
Provision for Secretarial services	95,700	-
	559,700	**464,000**

39. Notes to The Statement of Cash Flows

	At the start	Incurred	At the close	Cash In (Out)
Cash Flows from Operating Activities				
Operating Receipts	233,869,790	245,264,104	(263,257,598)	215,876,296
Other Income	0	6,647,304	0	6,647,304
Finance Income	0	3,705,550	0	3,705,550
Capital Grants			0	0
Operating Grants		10,400,000	0	10,400,000
Deposit for Tender security				0
Prepaid Receipts			2,561,708	2,561,708
Customer Deposit Receipts	(29,404,784)		31,878,182	2,473,398
Administration Cost	(10,880,567)	(93,587,821)	44,828,643	(59,639,746)
Personnel Costs	(2,424,596)	(97,978,307)	5,747,584	(94,655,319)

	At the start	Incurred	At the close	Cash In (Out)
Water Supply Operation and Maintenance		(40,255,193)		(40,255,193)
Board Expenses		(6,612,679)		(6,612,679)
Refund of Customer Deposits		(266,000)		(266,000)
Payment for tax		(997,698)		(997,698)
Payment of arrears				-
				-
Purchase of Property, Plant And Equipment (PPE)		(7,247,130)	1,033,000	(6,214,130)
Purchase of Intangible Assets		-		-
Proceeds From Capital Grant	(15,174,319)	61,673,768		46,499,449

	2024/25 FY	2023/24 FY
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(17,546,213)	(43,268,228)
Income from amortization	(248,776)	248,776
Depreciation	4,802,622	3,953,824
Amortization	770,088	1,155,126
(Gain)/loss on disposal of property, plant and equipment	248,776	
Provision for Bad and Doubtful debts (General and specific)	-	35,461,452
Operating profit/(loss) before working capital changes	(11,973,504)	(2,449,050)
Working capital changes:		-
(Increase)/decrease in inventories	1,381,367	620,846
(Increase)/decrease in trade and other receivables	23,970,387	38,012,428
Increase/(decrease) in trade and other payables	(29,947,413)	8,076,395
Increase/(decrease) in retirement benefit obligations		-
Increase/(decrease) in provision for staff leave pay		-
Increase/(decrease) in Consumer deposits	4,769,106	1,623,500
Increase/(decrease) in Creditors	31,123,326	2,447,501
Tax Paid	(997,698)	
Cash generated from/ (used in) operation	**18,325,571**	**48,331,620**
(b) Analysis of changes in Grants		
Balance at beginning of the year	9,702,263	-
Receipts during the year	61,424,992	-

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Repayments during the year	-	-
Accrued interest	-	-
Balance at end of the year	71,127,255	-
(c) Analysis of cash and cash equivalents		
Short term deposits	6,760,000	43,087,600
Cash at bank	137,728,046	28,897,012
Cash in hand		
	144,488,046	**71,984,612**
Balance at end of the year	-	-
(d) Analysis of Asset Purchases	-	-
Fixed Asset ACQUISITION	-	-
Purchases in the Year	**(7,247,130)**	-
Balance at end of the year (note 35(b))	-	-
Interest paid	-	-
(e) Analysis of dividend paid		
Balance at beginning of the year	-	-
Balance at end of the year	-	-
Dividend paid	-	-

Other Disclosures

40. AFDB loan disclosure

The company during the period ending 2014 benefited from assets developed using a financing agreement between the TWWDA and AFDB. The loan was utilised in improvement of water production and distribution infrastructure and a further component for sanitation were a sewer treatment facility was constructed in Othaya. The loan and the assets are not in the company books as at the time the company was not required to own assets under the Water Act of 2002. The matter is yet to be finalised with the onset of the 2016 Act under transfer of assets**.**

The company does not have ownership for the land and buildings on which it operates as the properties are held by TWWDA which had responsibility for asset development under water act 2002, in addition the company does not have ownership over productions and distribution works developed by TWWDA which had the original mandate of asset development. Transfer of ownership has not been implemented and is under IGTRC. The company has not recognised the assets in its books.

41. 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)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

Transactions with related parties

	2024/25 FY	2023/24 FY
	Kshs	Kshs
a) Sales to related parties		
Water sales to Govt. agencies	58,172,835	36,404,971
Others (Specify)	-	-
Total	**58,172,835**	**36,404,971**
b) Purchases from related parties		
Ppurchases of electricity from KPLC	1,334,907	1,752,700
Levies by govt service providers	16,479,525	10,060,460
Total	**17,814,432**	**11,813,160**
b) Grants from the Government		
Grants from National Govt Agencies	61,673,768	15,174,319
Grants from County Government	10,400,000	-
Donations in kind	-	-
Total	**72,073,768**	**15,174,319**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 142 employees	75,130,542	68,880,647
Total	**75,130,542**	**68,880,647**
d) Key management compensation		
Directors' emoluments	8,402,702	10,517,688
Compensation to key management	7,236,044	3,229,246
Total	**15,638,746**	**13,746,934**

42. Capital Commitments

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

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Amounts authorized and contracted for	30,348,638	-
Amounts authorized but not contracted for	92,998,897	-
Less: Amounts included in Work in progress	-	-
	123,347,535	-

The company received financing from WSTF to implement Conditional Liquidity Projects which were contracted as at the close of the year but the works were still pending.

43. Contingent Assets and Liabilities

Contingent Liabilities

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Contingent liabilities	-	-
Court case ELC E003 against the entity	3,100,000	-
Court case MCELC E009 against the entity	657,050	-
Total	**3,757,050**	-

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

44. 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:

(i) Credit risk

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

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

Notes to the financial statements (continued)

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				
Trade Receivables	263,257,597	58,239,515	54,004,679	151,014,693
Other Receivables				
Investments	6,760,000	6,760,000		
Bank balances	137,727,646	137,727,646		
Total	**407,745,243**	**202,727,161**	**54,004,679**	**151,014,693**
At 30 June 2024				
Receivables	233,874,090	34,568,536	48,290,861	151,014,693
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	71,984,612	71,984,612	-	-
Total	**305,858,702**	**106,553,148**	**48,290,861**	**151,014,693**

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Credit Risk

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

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,

Notes to the financial statements (continued)

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	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June current year				
Trade payables	14,182,432	9,127,047	36,901,528	60,211,007
Current portion of borrowings	-	-	-	-
Provisions	-	559,700	-	559,700
Deferred income	-	-	-	-
Employee benefit obligation	5,752,927	-	-	5,752,927
Total	**19,935,359**	**9,686,747**	**36,901,528**	**66,523,634**
At 30 June previous year				
Trade payables	5,659,212	11,467,216	9,044,135	26,170,563
Current portion of borrowings	-	-	-	
Provisions	464,000	-	-	464,000
Deferred income	2,424,596	-	-	2,424,596
Employee benefit obligation	5,659,212	11,467,216	9,044,135	26,170,563
Total	**8,547,808**	**11,467,216**	**9,044,135**	**29,059,159**

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

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

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

Notes to the financial statements (continued)

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

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

a) Foreign currency risk

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

The company has no foreign currency denominated funds in its account.

b) Interest rate risk

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

c) Management of interest rate risk

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

d) Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates decrease by one percentage point as a decrease/increase of KShs 3,705,550 (2024: KShs 4,249,248). A rate decrease of 5% would result in a decrease/increase in profit before tax of KShs 180,000 (2024 – KShs 210,000)

Notes to the financial statements (continued)

iv) Capital Risk Management

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

	2024/25 FY	2023/24 FY
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

45. Incorporation

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

46. Events after the Reporting Period

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

Notes to the financial statements (continued)

1. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.1 Property Plant and Equipment Not in Financial Statements:	Available information indicates that the Company inherited non-current assets including land and buildings from the defunct Tana Water Services Board. However, the assets have not been incorporated in these financial statements.	Note 20 of the financial statements highlight the two categories of assets that the company uses, these are: i. Assets developed using internally generated funds and direct investment from stakeholders of the company; In this case the company recognizes these assets in its books. ii. Assets developed by Tana Water Services Board (now known as Tana Water Works Development Agency-TWWDA) and handed to the company for use via Service Provision Agreement (SPA). These assets are described by way of a note in the financial statements as they are presumed to be accounted for in the books of TWWDA as its assets.	resolved	
1.2 Property, Plant and Equipment with Nil	The property, plant and equipment balance excludes property, plant and equipment with a historical cost of Kshs. 133,531,877 which had been fully depreciated/amortized but	Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis resulting in a perpetual value for the assets. However, over time, assets due for insurance	Resolved	

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Book Values:	was still in use, and had neither been re-valued nor disposed as at 30 June, 2024.	renewal mainly the vehicles are periodically valued to establish the carrying amount. Appendix 2: Depreciation clause from the Financial Statement & Motor vehicle and asset Valuation report extract		
1.3 Lack of Ownership Documents:	The property, plant and equipment balance includes motor vehicles/cycles valued at Kshs. 715,853. Review of the records in support of this amount revealed that the company operates three (3) motorcycles and seven (7) motor vehicles of unknown value that were not registered in its name.	The company was formed in the year 2006 as an agent of Tana Water Service Board currently known as Tana Water Works Development Agency. The assets that were in use then and left with the company were/are still fully owned by the National government through Tana Water Works Development Agency. We still continue to use the assets including the vehicles whose registration/ownership documents are held by TWWDA on the basis of the Service Provision Agreement document as handover of the assets is yet to be done. We believe the handover of the assets is supposed to be midwifed by a separate entity known as the Intergovernmental Technical Relations Committee.		
2 Understatement of Inventories Balance:	The statement of financial position reflects the inventory balance of Kshs.12,211,863. However, although the Company's main item of trade is	This is a new emerging area of audit. The company has included the water inventory at Kshs 358,960 in the cumulative value for inventories listed in Note 23 of the financial		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	water, and as disclosed in Note 23 to the financial statements, water was not considered and included as part of inventory at the end of the financial year. In the circumstances, the accuracy and completeness of the inventory balance of Kshs. 12,211,863 could not be confirmed.	statement. The computation of water inventory is based on the premise of a day's water production which is the amount of water in transition within distribution and service lines at the time of closure of the financial year.		
3.0 Long Outstanding Trade and Other Receivables:	The statement of financial position reflects trade and other receivables balance of Kshs. 82,856,387 which is net of provision for bad and doubtful receivables of Kshs. 151,014,693 as disclosed in Note 24(b) to the financial statements. However, the receivables debt amounting to 202,847,286 relates to financial year 2022/2023 and earlier years and had not been collected as at 30 June 2024. In addition, these customers' accounts did not reflect current bills, an indication that they may have been disconnected or suspended and no evidence of	The debts in question consist of old debts older than 8 years including debts inherited by the Company at the time of company's formation in 2006. That the company has demonstrated over the years' ability to collect debts over the years. There is a consistent prove that the debt has been reducing over the years which indicates the company's commitment to resolve the matter. The management has adopted various strategies including encouraging our consumers to make part payment commitments and Board of Director approval to engage debt collectors.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	debt recovery measures in place was provided for audit review. In the circumstances, the accuracy and recoverability of trade and other receivables balance of Kshs11,808,567 could not be confirmed.	The company has updated the internal debt policy by increasing the provision for write off of uncollectible debts to 30% The company has made strides towards achieving an over 95% collection efficiency.		
4.0 Long Outstanding Trade and Other Payables:	The statement of financial position reflects trade and other payables totaling Kshs. 35,700,340. The amount includes payables amounting to Kshs. 11,808,567 as disclosed in Note 30 to the financial statements which have remained outstanding for over one year. In the circumstances, the validity, accuracy and completeness of trade and other payables balance of Kshs. 11,808,567 could not be confirmed.	The delayed settlement is partly due to limited financial resources due to inflationary pressure exerted upon the company in view of old tariffs in use by the company. The company is committed to clear the outstanding liabilities by the close of 2025 calendar year.		
5.0 Bill of customers with Estimates:	The statement of profit or loss and other comprehensive income reflects operating revenue amount of Kshs. 177,171,816 in respect of operating revenue and as disclosed in Note 6 to the financial statements. Audit review of the customer billing records revealed a customer base of 27,389 as per the Company's water meter inventory. Out of these, 21,915	The query above relates to billing of 2,142 water consumers on estimate and not on actual meter readings. The company bills its customers on monthly basis. The bills generated are based on either actual consumption as per meter reading or estimated bills based on a six month moving average. The meters are located within customer premises and the meters are under the care of the customers.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	water meters were active, while the balance of 5,474 were either terminated, dormant or had been disconnected. However, an analysis report of 21,915 active customers indicated a total number of connections of 2,142, were unbilled customers. The unbilled customers have not been explained nor reconciled	Estimate billing is adopted due to illegible meters (obstructed meters), stuck meters, abnormal consumptions, customer gate locks, and free and fierce dogs within the customer premises. The bills for the 2,142 customers were estimated due to these factors. To help reduce the number of estimate bills the company is taking the following measures: ● Continuous engagement of the affected consumers on a case by case basis. ● The company is currently maintaining a 95% meter reading efficiency as a measure to reduce estimated bills.		
Non-Revenue Water Management:	The statement of profit or loss and other comprehensive income and Note 6 to the financial statements reflects Kshs. 177,771,816 in respect to operating revenue which includes Kshs. 161,320,386 in respect to revenue from the sale of water. Information available revealed that the Company produced 6,461,280 cubic meters (M3) of water out of which only 4,106,078 cubic meters (M3) were billed to the customers. The balance of 2,355,202 cubic meters or approximately 36% of the total volume of water produced, therefore, represents Non-Revenue Water (NRW) which was 11% over and above the allowable loss of 25% in accordance with Schedule 6 of Water Service Regulatory	Physical Losses- These are water losses which arise from; bursts, leakage and tank overflow at various points of the company's network of about 1,450km. Most of this network was wholly inherited from the Ministry of Water, National Water Harvesting and Storage Authority Formerly National Water and Pipeline Corporation and several community water projects, all merged to form the network that was handed over at the time to form the Company in 2006 as per Water Act of 2002. The Network had been in operation for more than four decades before handover to the company and was generally old and had outlived the design life. The network then and still now is prone to frequent leakages and bursts which contribute to the loss and the best remedy is renewal of the network through laying of modern pipeline networks.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Board (WASREB) guidelines. The significant level of Non-Revenue Water could be an indication of inefficiency and ineffectiveness in the use of public and water resources, which may negatively impact the Company's profitability and its ability to sustain services. In the circumstances, the non-revenue water reduction measures were not effective during the year under review and Management was in breach of Policy Guidelines and WASREB guidelines.	The company has in the recent past taken the following measures to mitigate physical losses; 1. Proposal to Tana Water Works Development Agency (TWWDA) to rehabilitate old dilapidated 4km DN200 Kihome line from the treatment works to Kihome tank. 2. Proposal to Tana Water Works Development Agency (TWWDA) to rehabilitate old dilapidated 36.5Km in Karundu, Ngamwa and Mutundu of various water pipeline sizes. 3. Proposal to the WSTF to rehabilitate old dilapidated 33km pipelines of various diameters in Othaya and Mukurwe-ini urban areas under the Conditional Liquidity Support Grant (CLSG II) 4. Proposal to WSTF to rehabilitate old dilapidated pipes of 27km in Karundu zone, 25km in Wahari-Karaba-Mutonga and replacement of 8,000 old and faulty meters under WSTF 5. Proposal to the WSTF and Gatsby Africa to support the company on Commercial Viability support to enhance the company's staff capacity on NRW reduction. 6. Investment proposal to the Nyeri County Government for rehabilitation of 21km Kaharo, 10km Gikondi and 3.6km Mukurwe-ini central water pipelines of various sizes.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		7. Evidence of NRW unit anchored in the company's organogram. 8. NRW budget line to mitigate causes of physical water losses 9. An all-inclusive internal task team to have strategic alignment of NRW reduction activities. 10. Benchmarking with sister companies to learn best practices on NRW reduction. 11. Establishment of a Kobo Tool to help in data collection of the burst and leakages repaired everyday by the NRW team. This helps to analyses the pipelines that have most of the burst repaired and therefore prioritizing them for rehabilitation. 12. Installation of ball valves to curb water overflow from tanks. 13. Installation of Pressure Reducing Valve (PRVs) to manage the pressure and therefore reducing burst of pipes due to high pressure 14. Seeking technical assistance from TWWDA on the landslide susceptibility mapping. This will help us to identify areas that are prone to landslides and therefore reroute our pipelines. This help to reduce the number of burst that usually occur when a landslide happens Apparent/Commercial Losses-: These arise from Meter Inaccuracies, stalled customer meters and illegal		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		water connections by consumers. The company has taken the following measures to curb the losses; 15. Use of Water police to curb illegal water use. 16. Meter Inaccuracies: Proposal to TWWDA to construct Kaharo 3500 cubic meter per day treatment facility. This is in a bid to reduce the customer meter blockage due to silt and hence enhance meter accuracy. 17. Adoption of mobile phone based meter reading ERP to enhance accuracy of readings 18. Aggressive replacement of old and aged meters: Partnered with WSTF to replace 8,600 consumer meters.		
Expired Water Tariff:	The statement of profit or loss and other comprehensive income and as disclosed in Note 6 to the financial statements reflects total income of Kshs. 177,771,816. However, the Company was billing customers using tariffs that expired in the year 2014. In the circumstances, the lawfulness of the tariffs applied in billing customers could not be confirmed. In the circumstances, Management was in breach of the law and may not recover its operational and maintenance costs.	The company applied for a new tariff in June 2023(see attached letter). WASREB in December of 2023 asked us to resubmit the tariff application documents which we did in January 2024(attached letter). We held several virtual meetings with the regulator on the same after submission of the applications. In a newspaper advertisement of April 2024, WASREB asked us to plan to have one public Participation meeting on 15th of May 2024(see attached report) In July 2024 via a letter referenced WASREB/TARIFF/003/VOL.XXXII/69 and dated 23rd July 2024,		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		WASREB communicated to us that the tariff had been approved. In October 2024, the new tariffs were gazetted (see gazette notice) Since January 2025, we have held several meetings in response to concerns raised over the new tariff. As at now we are awaiting the gazettement of reduced tariffs as per the attached WASREB letter Appendix 9-letters supporting the tariff application process, letters showing evidence on engagements that followed tariff implementation in Jan 2025.		
Non-Renewal of License:	It was observed that the Company has been operating without a License with The Water Services Regulatory Board (WASREB) with effect from 31 August, 2023 upon its expiry and has since not been renewed. In the circumstances, Management was in breach of the law.	The company made a formal request for license renewal to Water Services Regulatory Board(WASREB) as is required in law and filed all the requisite documents to enable issuance of a new license by June 2023 We carried out a public participation on license renewal on 2nd of August 2023 as per the guidelines of WASREB- as per Newspaper notice attached. As per the WASREB letter referenced WASREB/LICENSE/534/VOL.XXX/83 and dated 31st of January 2024 our license was approved but pending release by WASREB. Appendix 10-Letter from WASREB asking that we renew the license, public participation newspaper, letter approving the license.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Non-Filing of Annual Company Returns with the Registrar of Companies:	Audit examination of the Company's statutory returns records established that it failed to file its annual returns with the Registrar of Companies for the financial year 2023/2024 in contravention of the Companies Act. In the circumstances, Management was in breach of the law.	The company experienced delays in filing of returns to the registrar of companies at the close of FY ending June of 2024 as it was handling the process of transition from a company limited by Guarantee to a new entity registered and owned by the County Government of Nyeri as per the requirements of Water Act 2016 section 77. This was a compliance issue raised by the regulator WASREB. We have since filed the returns with the registrar of companies in compliance with the law.		
Movement of Conditional Liquidity Grants to Deferred Income without Approved Budget:	The statement of profit or loss and other Comprehensive income as at 30 June, 2024 reports revenues of Kshs. 198,896,947. Included in the amount are conditional liquidity grants of Kshs. 248,776 which were balances from the original grants of Kshs. 9,951,039 resulting in the difference of Kshs. 9,702,263 which were moved to deferred income and were not supported by approved income and expenditure budget for each project. In addition, the management had failed to demonstrate that the deferred income recognized in the financial statements is as a result of actual revenues received being in excess of the approved income budget and work plan for each project in the year under consideration to warrant the accounting treatment recorded in the books of account.	Deferred income recognized in the company's Financial statements relates to a provision generated from payment for goods and services that have not yet been delivered or completed. In accrual accounting, revenue is only recognized when it is earned, so the company does not record any revenue on its income statement and instead records a liability on its balance sheet. The value in Note 22 of the Financial statement relates to grants received for construction of the DTF facility in Mukurweini in 2020-21FY and does not include works carried out in the current financial period. Therefore, it does not amount to a budgetary allocation but rather a transfer of depreciation to retained earnings.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	In the circumstances, Management was in breach of the law.			
Non-compliance with Budget Process Deadlines:	The Company's budget for the financial year 2023/2024 was approved during a Board of Directors meeting held on 5 May, 2023 contrary to Regulation 30(8) of the Public Finance Management (Water Sector) Regulations of 2015. Budget estimates ought to have been submitted by 28 February 2023 to allow consolidated and final annual budgets to be submitted to the relevant authorities by 30 April 2023. In the circumstances, Management was in breach of the law.	The company budget process is carried out using internally generated finances, in this regard the company prepares its annual budget starting in March of every year and has the budget approved by May of every year. The company is adopting the best practice as guided by the PFM act as part of compliance. In the 2024-25 year, we have put all measures in place to ensure that its approved by 30th of April 2025.		
Unbalanced Budget:	The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects Kshs. 198,082,149 in respect to the final revenue budget against the final expenditure budget of Kshs.233,742,180 resulting in a budget deficit of Kshs. 38,806,061. Contrary to Section 31(c) of the Public Finance Management (County Government) Regulations, 2015, which provides that budgeted revenue and expenditure appropriations shall be balanced? In the circumstances, Management was in breach of the law.	We wish to highlight that the variance is partially caused by recognition of expected expenditure on donor funded project Kshs30,350,343 (which needed a corresponding income line), Provision for Depreciation Costs amounting to Kshs 4,723,663 which are non cash in nature.		

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Non-Compliance with Law on Ethnic Composition:	During the year under review, the total number of employees of the Company was one hundred and twenty-four (124) out of which one hundred and fifteen (115) or 93% were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. Furthermore, during the year, the entity recruited new staff, and the positions were filled by candidates from the dominant ethnic community, contrary to Section 65(1) (e) of the County Government Act, 2012, which requires that in selecting candidates for appointments, the County Public Services Board shall consider the need to ensure that at least Thirty per cent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.	As an organization, we are committed to promoting diversity and inclusion in all our hiring practices. To ensure equal opportunity for all, we advertise all job openings in national newspapers, making our positions accessible to individuals from all regions of the country. Additionally, we explicitly state that we are an equal opportunity employer in our job postings to affirm our commitment to non-discrimination. Once the advertisement is published, we review and analyse the applications based on the criteria outlined in the job description. All applicants who meet the minimum qualifications are shortlisted, and we invite them for interviews. The final selection is based on the candidates' performance during the interview process, ensuring transparency and fairness throughout. We acknowledge that we do not have control over who applies for the positions; however, we hire based on the qualifications of those who apply in accordance with the requirements set out in the job advertisements.		
Failure to hold annual general meeting:	Management did not provide evidence to confirm that annual general meetings were held contrary to the requirement of Section 275(A)(1) of the companies Act 2015 which provides that every company	During the period under audit, the company was in the process of reorganization from a company limited by Guarantee to a company fully owned by the County Government of Nyeri as part of	Resolved	

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	should convene a general meeting once a year.	compliance in line with Section 77 of the Water Act 2016. The process resulted in creation of a new entity as per attached deed of transfer document and therefore the 'death' of the old company. Hence, the company did not need to hold an AGM as the transition was ongoing. The new company will hold an AGM within the legally stipulated timelines.		

Name: Moses N. N. Munyi

Signature

Managing Director

Date 28/08/2025

Appendix II: Projects Implemented by the Company Projects

Projects implemented by the Company Funded by development partners.

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

Status of Projects completion

(Summarise the status of project completion at the end of the reporting period, i.e., total costs incurred, stage which the project is etc.)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity……

Name of Beneficiary entity……..

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name ……. Sign ……. Date ……

Head of Accounts Department - Beneficiary Entity:

Name ……. Sign ……. Date……

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Planting of indigenous tress at Kihuri forest	Restoration of the forest cover	To restore the forest cover by planting 2500No indigenous tress	Procure and plant trees				400,000	Internally generated funds	OMWASCO
Participate in tree planting project by partner institution	Restoration of the forest cover	To restore the forest cover by planting 10000No indigenous tress	Plant trees	1,000,000				Equity bank	OMWASCO & Equity bank partnership
Distribution of fruit trees to consumer and agencies in Othaya and Mukurwe-ini tress at Kihuri forest	To enhance economic and social wellbeing of consumers	To give consumers 2000 fruit seedlings	Procure and Give seedlings				200,000	Internally generated funds	OMWASCO and consumer partnership

Appendix V: Reporting Disaster Management Expenditure

Date:

Entity

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

(Attach forms from each transferring Government entity.)

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Don or Transferring the funds				Where Recorded/recognized					
	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-
County Department of water.	May 2025	Recurrent	10,400,000	10,400,000	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Water Services Trust Fund	May 2025	Development	46,498,596	-	-	46,498,596	-	-	-
	-		-	-	-	-	-	-	-
Total			**56,898,596**	**10,400,000**	**-**	**46,498,596**	-	-	-

OTHAYA MUKURWE-INI WATER

&

SANITATION PLC

