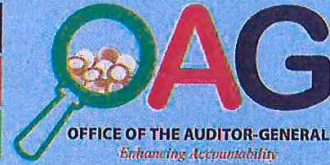


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**LIMURU WATER AND SEWERAGE
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2025**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 29854 - 00108, NAIROBI
RECORDS OFFICE

29 OCT 2025

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LIMURU WATER AND SEWERAGE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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

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

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1. Acronyms and Glossary of Terms

A. Acronyms

<i>Ag</i>	: <i>Acting</i>
<i>AGM</i>	: <i>Annual General Meeting</i>
<i>AWWDA</i>	: <i>Athi Water Works Development Agency</i>
<i>BA</i>	: <i>Bachelor of Arts</i>
<i>BBM</i>	: <i>Bachelor of Business Management</i>
<i>BEd</i>	: <i>Bachelor of Education</i>
<i>BOD</i>	: <i>Board of Directors</i>
<i>BSc</i>	: <i>Bachelor of Sciences</i>
<i>CECM</i>	: <i>County Executive Committee Member</i>
<i>CGK</i>	: <i>County Government of Kiambu</i>
<i>CPA (K)</i>	: <i>Certified Public Accountant – Kenya</i>
<i>DMA</i> s	: <i>District Management Areas</i>
<i>ICPAK</i>	: <i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	: <i>International Financial Reporting Standards</i>
<i>K.U</i>	: <i>Kenyatta University</i>
<i>MBA</i>	: <i>Master in Business Administration</i>
<i>MD</i>	: <i>Managing Director</i>
<i>MSc</i>	: <i>Masters of Science</i>
<i>PFM</i>	: <i>Public Financial Management</i>
<i>PSASB</i>	: <i>Public Sector Accounting Standards Board</i>
<i>SDGs</i>	: <i>Sustainable Development Goals</i>
<i>U.O. N</i>	: <i>The University of Nairobi</i>
<i>WASREB</i>	: <i>Water Services Regulatory Board</i>
<i>WEENR</i>	: <i>Water, Environment, Energy and Natural Resources</i>
<i>WRA</i>	: <i>Water Resource Authority</i>
<i>WSTF</i>	: <i>Water Sector Trust Fund</i>

B. Definition of Key Terms

<i>Fiduciary Management</i>	: <i>Members of the Management directly entrusted with the entity's Financial Resources</i>
<i>Comparative Year</i>	: <i>Prior Period</i>

Limuru Water and Sewerage Company Ltd.
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2. Key Entity Information

Background information.

Limuru Water and Sewerage Company Limited was incorporated on 13th March 2006 under the Companies Act (Cap. 486). The Company is registered as a Private Company Limited by shares. The Company is wholly owned by County Government of Kiambu and is governed by the memorandum and articles of association. At County level, the Company is represented by the County Executive Member (CECM) responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya, Kiambu County and has four schemes in Limuru and part of Lari Sub Counties.

The Company is responsible for the efficient and economical provision of water and sanitation services within Limuru and Lari Sub-County

Principal Activities.

The principal activity of Limuru Water and Sewerage Company is to ensure efficient and effective provision of water and sanitation services in our area of jurisdiction. The mandate and objective of Limuru Water and Sewerage Company is enshrined in the memorandum and articles of association. The principal objective of the company is to carry out the business of water and sanitation services provision within the area.

Our Vision is to be the centre of excellence in the provision of water and sanitation services within our area of jurisdiction.

Our mission is to provide efficient, sustainable, customer-focused water, sanitation and related services driven by innovation within our area of jurisdiction

Directors.

The directors who served the entity during the period were as follows:

1. Peter Mbugua Kimani : Chairman of the Board, Appointed on 14th February 2022, left on 13th February 2025
2. Jennifer Kanini Musyoki : Appointed on 14th February 2022, left on 31st December 2024
3. Joseph Ng'ang'a Mbugua : Appointed on 14th February 2022, left 13th February 2025
4. Dennis Mwaura Njung'e : Appointed on 14th February 2022, left 13th February 2025
5. William Kinyanjui Kimani : Appointed on 14th February 2022
6. Irene Wanjiku Kirumba : Appointed on 18th March 2024
7. David Mungai Mwaura : Appointed on 18th March 2024
8. Edmund Njihia Njoroge : Appointed on 1st January 2025
9. Nicholas Kamuria Wainaina : Ag. Managing Director and Secretary to the Board

Limuru Water and Sewerage Company Ltd.
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The CGK alternate directors who served the entity during the period were as follows:

1. Joseph Njuguna Kamau : Assistant Director Water, appointed on 14th February 2022, left 20th January 2025
2. Eliud Githiga Muchiri : Head of Financial Reporting Unit – CGK, appointed on 14th February 2022
3. Isaac N. Ndirangu : County Water Services Coordinator – CGK, appointed 18th September 2024

Company Secretary

Jacqueline Wangari Murigi, left 31st December 2024.
P.O Box 2344 -00900 Kiambu

Wanjao & Wanjau Mwangi
P.O Box 14715- 00100
Nairobi, Kenya

Registered Office

Maji Centre Limuru
P.O Box 1286 -00217 Limuru

Corporate Headquarters

Maji Centre Building, Hospital Road
P.O. Box 1286-00217
Limuru, Kenya

Corporate Contacts

P.O. Box 1286-00217
Maji Centre Building, Hospital Road
Limuru, Kenya Telephone: (254) 725054212
E-mail: liwaseco@yahoo.com, info@limuruwater.go.ke
Website: www.limuruwater.go.ke

Corporate Bankers

Kenya Commercial Bank
Limuru Branch
P.O Box 933 - 00217
Limuru

Post Bank- Limuru Branch

Head Office
P.O. Box 30311-0100
Nairobi, Kenya

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Safaricom M-Pesa money transfer service
Pay Bill No. 895900

Family Bank
Limuru Branch
P.O Box 74145-00200
Nairobi

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

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

3. The Board of Directors

	<p>Position: Chairman of the Board and Independent Director representing religious association, Left 13th February 2025</p> <p>Age: 43 years.</p> <p>Qualification: Diploma in Analytical Chemistry</p> <p>Work Experience: Brookside Distributor, Managing Director at Lakenya homes, Inventory Management Consultant, Inventory manager at Tusker Mattresses Limited, Quality assurance supervisor at Twiga Chemical Limited</p>
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Peter Mbugua Kimani

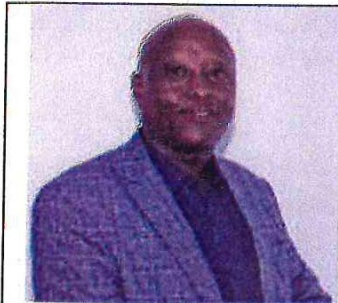
	<p>Position: CGK Director and Chief Officer representing department of Water, Environment, Energy and Natural Resources – left on 31st December 2024.</p> <p>Age: 41 years.</p> <p>Qualification: BSc. Civil Engineering, MBA - Strategic Management option</p> <p>Work Experience: Previously worked as a Water and Sanitation Engineer in planning and design of urban and rural water and sanitation infrastructure; formulating national and county government water and sanitation policies, strategies and plans; conducting out technical assessments, socio-economic studies and surveys with H.P. Gauff Ingenieure, GIZ International Water Stewardship programme and Authentic Living Int. Co. Ltd.</p>
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Jennifer Kanini Musyoki

	<p>Position: CGK Director and Chief Officer representing department of Finance, Strategy & Economic Planning.</p> <p>Age: 48yrs</p> <p>Qualifications: BBA - Accounting & Finance option, MSc. Business Administration- Finance option, CPA (K)</p> <p>Work Experience: Chief Officer, Finance & Economic Planning, County Government of Kiambu (2019 – date), Chief Officer Administration County Government of Kiambu (Dec 2018 – June 2019), Director Administration, Principal Administration Officer (May 2017 – Nov 2018) – County Government of Kiambu, FM PUEA Mt Kenya University (Jan 2010 -April 2017), FM Limuru Milk Processors (Mar 2007 – Dec 2009), Chief Accountant New Baron and Leveque International & Kenana Distributors (Feb 2007 – March 2002)</p>
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William Kinyanjui Kimani

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



Edmund Njihia Njoroge

Position: CGK Director and Chief Officer representing department of Water, Environment, Energy and Natural Resources.

Age: 49 years

Qualification: BSc. Environmental Science

Work Experience: 25 Years in the private and public Sector



Joseph Ng'ang'a Mbugua

Position: Independent Director representing farmers association and Chairman of Technical Committee, Left 13th February 2025

Age: 78 years

Qualification: Motor and plant mechanic Grade III

Work Experience: Over 30 years experience in the airline industry.



Dennis Mwaura Njung'e

Position: Independent Director representing youth and Chairman of Finance & Administration Committee, Left 13th February 2025

Age: 36 years

Qualification: BSc. Environmental planning and Management - K.U, MSc. Policy & Management, Water Science, Oxford University- (U.K)

Work Experience: Groots Kenya - Monitoring, Evaluation, Research and Learning Manager; Louis Dreyfus Company, Kenya, Big Five Africa Limited – Social/ Organizational Development consultant, Practical Action East Africa-WASH Business developer and strategic planner



Irene Wanjiku Kirumba

Position: Independent Director representing business community and Chairperson of Risk and Audit Committee.

Age: 36 years

Qualification: Bachelor of Arts in Social Science, Master of Art in International Relations, Certified Project Management Professional (PMI)

Work Experience: Over 5 years experience in program development administration and communication. Former part time lecturer (CUEA & Highland State College- Maasai Mara University)

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David Mungai Mwaura

Position: Independent Director representing education institutions and a member of Technical and Risk & Audit Committee.

Age: 62 years

Qualification: Diploma in Theology

Work Experience: 25 years in academia.



Joseph Njuguna Kamau

Position: Alternate Director representing Chief Officer WEENR, left 20th January 2025

Age: 59 years.

Qualification: Bachelor in Civil Engineering Technology

Work Experience: Director of water services in County Government of Kiambu with 32 years of experience in water sector



Eliud Githiga Muchiri

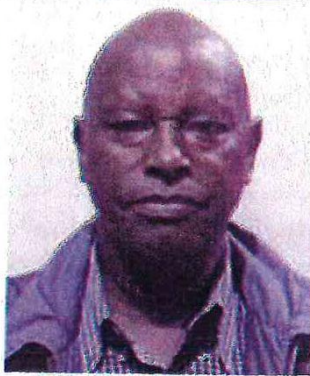
Position: Alternate Director representing Chief Officer Finance.

Age: 43 years

Qualification: M.A. in Economics -UON, CPA(K), B.A. Economics - U.O.N.

Work Experience: Head of Financial Reporting Unit – CGK, Assistant Director- trade services, Assistant Director-Accounting services County Government of Kiambu, Portfolio Manager- SBM Bank, Credit Officer – Co-operative Bank K Ltd.

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Isaac N. Ndirangu

Position: Alternate Director representing Chief Officer WEENR

Age: 56yrs

Qualifications: Diploma in Surface Water Technology

Work Experience: 29 Years of experience at various capacities in the water sector.



**Nicholas Kamuria
Wainaina**

Position: Ag. Managing Director and Secretary to the Board

Age: 36yrs

Qualifications: Bachelor of Business Management - Finance & Banking Option -Moi University -CPA(K)

Work Experience: 14 Years of experience in Limuru Water & Sewerage Co. Ltd in various positions.



**Jacqueline Wangari
Murigi**

Position: Company Secretary, left 31st December 2024

Age: 37 years.


Qualification: LLB (Catholic University of East Africa), Master's Degree in Public Policy and Admin KU, Diploma in HRM, a registered CS and CPM


Work Experience: An advocate of the high court with over eight years. Served in the County Government of Kiambu in various capacities; Legal Counsel Legislative Drafting, Senior Legal Counsel and subsequently Director Legal Services in the Office of the County Secretary.


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 <p>Muriithi Wanjau</p>	<p>Position: Company Secretary</p> <p>Qualification: MA in Communication, Daystar University (Ongoing) MBA in Strategic Management, Daystar University, LL.B, University of Bombay, Diploma in Law, Kenya School of Law, B.Com, Jabalpur University, Certified Professional Mediator Notary Public Commissioner of Oaths Patent Agent Company Secretary, Institute of Certified Public Secretaries of Kenya (ICPSK) – Fellow</p> <p>Work Experience: Senior Partner, Wanjao Wanjau & Mwangi Advocates LLP (2023 – Present), Partner, Wanjao & Wanjau Advocates (1992 – 2023)</p>
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4. Key Management Team

 <p>Nicholas Kamuria Wainaina</p>	<p>Position: Ag. Managing Director and Finance & Administration Manager</p> <p>Qualifications: Bachelor of Business Management - Finance & Banking Option - Moi University - CPA(K)</p> <p>Experience: 14 Years experience in Limuru Water & Sewerage Co. Ltd in various positions.</p>
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 <p>Eng. Franklin Muchiri Gitari</p>	<p>Position: Technical Manager</p> <p>Qualifications: Bachelor of Science in Civil Engineering - Dedan Kimathi University of Technology - First Class Honours, Master of Science in Integrated Watershed Management - Kenyatta University, Professional Engineer (PE) – Engineers Board of Kenya, Corporate Member – Institution of Engineers of Kenya</p> <p>Experience: 9 years experience in the water sector</p>
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 <p>Charles Wahogo Muiru</p>	<p>Position: Commercial Manager</p> <p>Qualifications: B.Ed. - Accounting and Economics option (U.O.N) CPA PART Two Section Four.</p> <p>Experience: Over 19yrs Experience in water sector and different institutions</p>
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Limuru Water and Sewerage Company Ltd.

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



**Jacqueline Wangari
Murigi**

Position: Company Secretary

Qualification: LLB (Catholic University of East Africa), Master's Degree in Public Policy and Admin KU, Diploma in HRM, a registered CS and CPM

Work Experience: An advocate of the high court with over eight years. Served in the County Government of Kiambu in various capacities; Legal Counsel Legislative Drafting, Senior Legal Counsel and subsequently Director Legal Services in the Office of the County Secretary.



Muriithi Wanjau

Position: Company Secretary

Qualification: MA in Communication, Daystar University (Ongoing) MBA in Strategic Management, Daystar University, LL.B, University of Bombay, Diploma in Law, Kenya School of Law, B.Com, Jabalpur University, Certified Professional Mediator | Notary Public | Commissioner of Oaths | Patent Agent | Company Secretary, Institute of Certified Public Secretaries of Kenya (ICPSK) – Fellow

Work Experience: Senior Partner, Wanjao Wanjau & Mwangi Advocates LLP (2023 – Present), Partner, Wanjao & Wanjau Advocates (1992 – 2023)

Limuru Water and Sewerage Company Ltd.
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5. Chairman's Statement

a) Introduction

It gives me pleasure to present to you the financial report for the year ending 30th June 2025. During the financial year the company celebrated 19 years since inception. The company has over the years provided safe, reliable and affordable water to our customers, we serve all areas in Limuru sub-county and part of Lari sub-county which is an area of 286km² with a total population of 280,000 persons. The company is divided in four administrative schemes namely; Limuru, Bathi, Uplands and Thigio. We have partnered with some community water projects, e.g. Bibirioni and Kamirithu through third-party service provision agreements to supply water in areas within our jurisdiction that we are yet to serve to increase coverage.

b) Performance

During the year ended 30th June 2025 the company focused on key objectives as stated in the strategic plan which include; increased coverage, financial sustainability, operational sustainability and customer satisfaction. The company registered positive growth in customer base, revenue collection, billing, operational stability, good governance among others though with some short coming here and there.

The company's total billings from water and sewerage services increased by Kshs 13,676,520 from Kshs 177,388,177. in the previous year to Kshs 191,064,697. This increase is attributed to increase in water billing as a result of increased new connections across all schemes. The operational cost increased by Kshs 27,347,530 from Kshs 209,195,110 to Kshs 236,542,640 this is a result of the reviewed WRA charges, increase in cost of electricity and increased cost of maintaining the additional sewer lines constructed on the recently completed project and rehabilitation of pipelines damaged due to roadworks.

The company's operations were challenged by;

- High production cost due to huge electricity bills
- High operational cost where tariff review was expected to mitigate this but the company is yet breakeven.
- Low rate of Sewer connections to the recently completed Limuru Water and Sewerage Project under the Kenya Town programme which was anticipated to generate more revenue
- Upward review of abstraction charges by Water Resource Authority.

However, some of the above challenges are being addressed through our limited company capacity and by partnering with other stakeholders such as County Government of Kiambu and Athi Water Works Development Agency.

c) Appreciation

As the Chairman of the Board, I am committed to providing leadership that espouses principles of good governance. On behalf of the Board and Management, I wish to express our appreciation to shareholders, development partners and our customers for their support during the period.

I also thank the Management and all employees who have continued to work diligently and exhibited resilience in challenging times. Lastly, I thank my fellow Board members and urge them to work zealously in the best interest of the Company.

Name DAVID M. MWaura Sign  Date 28/10/2025
Chairman of the Board

6. Report of the Managing Director

a) Introduction

I am pleased to present to you the financial report for the year ending 30th June 2025. Our role as a water services provider is to provide water and sanitation services within Limuru and part of Lari sub-counties of Kiambu County. Provision of water and sanitation services is critical considering that water is now a constitutional right and in this regard the company made remarkable progress in the quest to enhance our network coverage and improve reliability of water supply to our customers.

b) Performance

The company made some strides during the financial year towards achievement of our strategic objectives. The following are some of the achievements made during the financial year.

- **Water Pipelines and Sewer Extensions**

The company carried out pipeline extensions to areas that were previously unserved in an effort to increase coverage and access to drinking water. A total length of 39.85km of water pipelines of assorted diameters were laid in various areas within Limuru and Lari sub-counties. Most of the additional water connections were realised from these extensions.

The company further laid 320m of sewer pipelines in the areas of Farmers and Karanje. Additional 6 sewer connections were realised from the two extensions.

- **Consumer Connections**

During the financial year, the company reported a notable increase in the number of consumer connections. Water connections increased from 12,534 connections in the financial year 2023/2024 to 13,698 in the current financial year while sewer connections increased from 1,100 to 1,244 over the same period.

- **Coverage**

Water coverage within the company's area of jurisdiction increased from 81% in the financial year 2023/2024 to 82% in the current financial year. Sewer coverage further improved from 9% to 9.50% over the same period. The increase in coverage is attributed to the additional consumer connections registered in the reporting period.

- **Company Ranking by WASREB Impact Report**

The Company was ranked no. 31 overall and No. 15 among the large companies' category during the financial year 2023/2024. This was a decline from the previous year's ranking of no. 27 overall and No. 12 among the large companies' category. The company however maintained an overall score of 107 points in the two years.

c) Challenges Faced During the Reporting Period

There were various challenges faced during the reporting period:

- **High Production Cost due to Electricity Bills**

All the company water sources are pumped. This implies connection of infrastructure to the national grid. The monthly average electricity bills for the financial year 2024/ 2025 were Kshs. 5,553,699 This represents approximately 34.88% of the total monthly billing. The cost is very high considering that there are other operation and maintenance cost that should be met to guarantee uninterrupted flow of

Limuru Water and Sewerage Company Ltd.
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water to customers. The company has commenced the process of solarizing its major installations including Sewage Treatment Plant and boreholes.

- **High Operational Cost where Tariff Review was Expected to Mitigate this but the Company is yet to breakeven.**

It had been anticipated that the new tariff would cover all the company costs. However, due to continued increase in cost of input / inflation, the company has found itself in a position where it is unable to meet its current costs. The company intends to factor the additional cost in the ongoing tariff review.

- **Slow pace of customer connection to the completed Sewerage Project.**


It had been anticipated that sewer customer connections would tremendously increase upon completion of the Limuru Sewerage project. This would have resulted to increased revenue from the sewerage department adequate to meet operational cost. The rate of sewer connection has however remained very low and unable to meet its operational cost. Community engagements are continuously being carried out in the areas of Kwa Mbira and Ngarariga to sensitize people on the need to connect their premises to the public sewers.

- **Upward Review of Abstraction Charges by Water Resource Authority**

Water Resources Authority (WRA) implemented an increase in levies and other charges. This imposed additional costs that had not been anticipated during tariff review. The additional costs will be factored in tariff under review.

d) Appreciation

I am most thankful to County Government of Kiambu, Athi Water Works Development Agency, Limuru and Lari Sub-Counties, all our customers, our Suppliers and bankers for their support and loyalty and we assure them of our determination to continually improve the quality of our services. Finally, I would like to express my deep appreciation for the dedication and commitment of Board of Directors, Management and Staff of Limuru Water. Without their commitment, hard work and teamwork we would not have come this far.

Sign.......... Date ...28/6/25.....
Nicholas Kamuria Wainaina
Ag. Managing Director

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

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

Limuru Water & Sewerage Company has strategic pillars and objectives within its strategic plan. These strategic pillars are as follows;

1. Increase in coverage
2. Attain financial sustainability
3. Operational efficiency/institutional strengthening
4. Attain customer and key stakeholder's satisfaction

Limuru Water & Sewerage Company develops its annual work plans based on the above pillars. Assessment of the board's performance against its annual work plan is done on quarterly basis. The company achieved its performance targets set for the FY 2024/2025 period for its 4No. strategic pillars, as indicated in Table 1 below:

Table 1. Strategic Objectives

Strategic Pillar Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Increase in coverage	To serve more customers.	Increase in customer connections.	Increase in water production. Increase in pipeline extension. Rehabilitation of networks. Increase water storage capacity Reduction of NRW.	The company increased water production by increasing the utilization capacities of the existing sources that have been previously underutilized. Further, the company has carried out water pipeline extensions to areas that were previously unserved while at the same time rehabilitating dilapidated water pipes.
Attain financial sustainability	To be self-sustaining.	Ability to settle obligations as and when they fall due.	Introduction of zonal and master meters to enhance accountability. Put in place debt management and collection strategies. Increase water and sewer connection.	The company have been able to clear our outstanding obligations as they fall due though not at 100%.
Operational efficiency/institutional strengthening	To improve efficiency.	Increase in staff productivity and quality service.	To develop, improve and implement operation systems and procedure, Improve staff Productivity through training To provide a positive work environment.	The company have been continuously training the staff from time to time
Attain customer and key stakeholders' satisfaction	To attain customer satisfaction.	Reduced customers complaints.	Customer service charter. Improve communication strategy.	The company held seven customer Engagement forums within the financial year.

8. Corporate Governance Statement

• Appointment and Removal of Board of Directors

The Company has a Board of Directors appointed by the County Executive Committee Member in charge of Water in accordance with the corporate governance guidelines. The Company's Board of Directors comprises of seven persons with two representatives from the County Government of Kiambu and five representatives from recognized groups within the company jurisdiction (independent Directors).

The term of service of three independent Directors lapsed on 13th February 2025. Recruitment of directors to fill the vacant positions is underway by the County Government of Kiambu.

A Director ceases to hold office if:

- i. He is removed from the office, ceases or is prohibited from being a director pursuant to the provisions of the Companies Act, or by a special resolution by the Company in a General Meeting.
- ii. He becomes of unsound mind.
- iii. He fails without any reasonable cause and without consent of the board to attend three (3) consecutive meetings of the Board and the Board resolves that, the reason of such failure he shall cease to be a Director.
- iv. He resigns his office by notice in writing to the Company.
- v. He or any persons to who he has personal ties and transacts with the Company
- vi. He breaches the Signed Code of Ethics and Conduct
- vii. He ceases to be a representative of the stake holder's body entity that has appointed him or her; or
- viii. He is charged with an offence under the Anti-Corruption and Economic Crimes Act or Water Act 2016.

• Roles and Functions of the Board

The roles and functions of the Board of directors as detailed in the letters of appointment are:

- i. Development and implementation of the company policies, Strategic Plan to guide in service delivery
- ii. Budget development and supervision of its implementation for prudent financial management including approval and supervision of the implementation of the company's procurement plan.
- iii. Human resource management for optimal staff production
- iv. Undertake such other activity in line with mandate.

• Board Charter

The Board of Directors has developed the Board Charter as the company's corporate governance policy to define the respective roles, responsibilities and authorities of the board and of management in the governance, management and control, of the organisation.

• Board Meetings

There are three board committee which offers oversight on the various sectors of the company. The committee comprises of: Technical Committee, Finance and Administration Committee and Risk & Audit committee.

A record of board meetings held during the financial year are indicated in the **Table 2** to **Table 7**:

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

Table 2: Full Board Meetings

No.	Name	Attendance			Days Present	Days Absent
		19/09/2024	28/11/2024	13/02/2025		
1	Peter Mbugua Kimani	√	√	√	3	0
2	Joseph Nganga Mbugua	√	√	√	3	0
3	Jennifer Kanini Musyoki	√	√	N/A*	2	1
4	Eliud Githiga Muchiri	√	√	√	2	1
5	Dennis Mwaura Njung'e	√	√	√	3	0
6	Irene Wanjiku Kirumba	√	√	√	3	0
7	David Mungai Mwaura	√	√	√	3	0
8	Joseph Njuguna Kamau	N/A*	N/A*	N/A*	0	0
9	Isaac Ndirangu	N/A*	N/A*	√	1	2

*Alternate Director

Table 3: Technical and Commercial Committee Meetings

No.	Name	Attendance			Days Present	Days Absent
		23/07/2024	17/10/2024	14/01/2025		
1	Joseph Nganga Mbugua	√	√	√	3	0
2	David Mungai Mwaura	√	√	√	3	0
3	Dennis Mwaura Njung'e	√	√	√	3	0
4	Jennifer Kanini Musyoki	√	N/A*	N/A*	1	2
5	Joseph Njuguna Kamau	N/A*	√	N/A*	1	2
6	Isaac Ndirangu	N/A*	N/A*	√	1	2

*Alternate Director

Table 4: Finance and Administration Committee

No.	Name	Attendance			Days Present	Days Absent
		05/09/2024	14/11/2024	28/01/2025		
1	Dennis Mwaura Njung'e	√	√	√	3	0
2	Jennifer Kanini Musyoki	N/A*	√	N/A*	1	0
3	Irene Wanjiku Kirumba	√	√	√	3	0
5	Joseph Njuguna Kamau	√	N/A*	N/A*	1	0
5	Eliud Githiga Muchiri	√	√	√	3	0
6	Isaac Ndirangu	N/A*	N/A*	√	1	0

*Alternate Director

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Table 5: Risk and Audit Committee

No.	Name	Attendance				
		10/09/2024	19/11/2024	04/02/2025	Days Present	Days Absent
1	Irene Wanjiku Kirumba	√	√	√	3	0
2	David Mungai Mwaura	√	√	√	3	0
3	Eliud Githiga Muchiri	√	√	√	3	0
4	Joseph Nganga Mbugua	√	√	√	3	0

Table 6: Annual General Meeting

No.	Name	Attendance – 04/10/2024
1	Peter Mbugua Kimani	√
2	Joseph Nganga Mbugua	√
3	Eliud Githiga Muchiri	√
4	Dennis Mwaura Njung'e	√
5	Irene Wanjiku Kirumba	√
6	David Mungai Mwaura	√
7	Joseph Njuguna Kamau	√
8	David Kuria	√

Table 7: Special Board Meeting

No.	Name	Attendance 18/12/2024
1	Peter Kimani Mbugua	√
2	Jeniffer Kanini Musyoki	x
3	Irene Wanjiku Kirumba	√
4	Joseph Njuguna Kamau	√
5	David Mungai	√
6	Eliud Githiga Muchiri	√
7	Dennis Mwaura Njung'e	√

• **Succession Plan**

Among other roles of the board is succession planning and evaluation of management performance which include:

- a. Supervising the succession planning processes of the Company, including the selection, appointment, development and evaluation of the senior management team;
- b. Ensuring an appropriate process is in place to review performance, remunerate, train and develop senior management;
- c. Approving the corporate remuneration framework and the remuneration levels of senior executives

Limuru Water and Sewerage Company Ltd.

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- d. Ensuring appropriate human resource systems are in place to ensure the well-being and effective contribution of all employees
- e. Reviewing and approving the compensation and incentive reward schemes in place for the Managing Director and Functional Directors to ensure they are appropriate and competitive in both structure and quantum

• **Board Induction and Training**

As per the Board Charter, directors are provided with such induction and training as the Board or the new Director considers necessary to ensure that the new Director has the knowledge and skills required to function as a fully participating member of the Board.

• **Board and Member Performance**

The Board Charter provides for review of board performance as per the guidelines

- a. The company undertook a board evaluation in the month of December 2024 to check on the performance of the Board against the Charter. The resulting recommendations are being implemented.
- b. The Board undertakes an evaluation of Board and Director Performances at least once every year;
- c. The Board considers the outcome of the review in a dedicated meeting and develops a series of actions and goals to guide improvement;
- d. The Board evaluation report shall be submitted to the shareholder through the responsible Department and tabled before the Annual General Meeting for consideration;
- e. The Chairman provides each Director with confidential feedback on his/her performance; and
- f. The Board does not endorse the reappointment of a director who is not satisfactorily performing the role.

• **Conflict of Interest**

All directors are required to disclose to the board for recording any business or other interests that he/she holds that is likely to create a potential conflict of interest.

• **Ethics and Conduct**

According to the Board Charter, Directors must act in accordance with their fiduciary duties in the best interests of the Company. Directors must exercise all due skill and care in the performance of their duties.

• **Governance Audit**

As per the Charter, the Board is responsible for

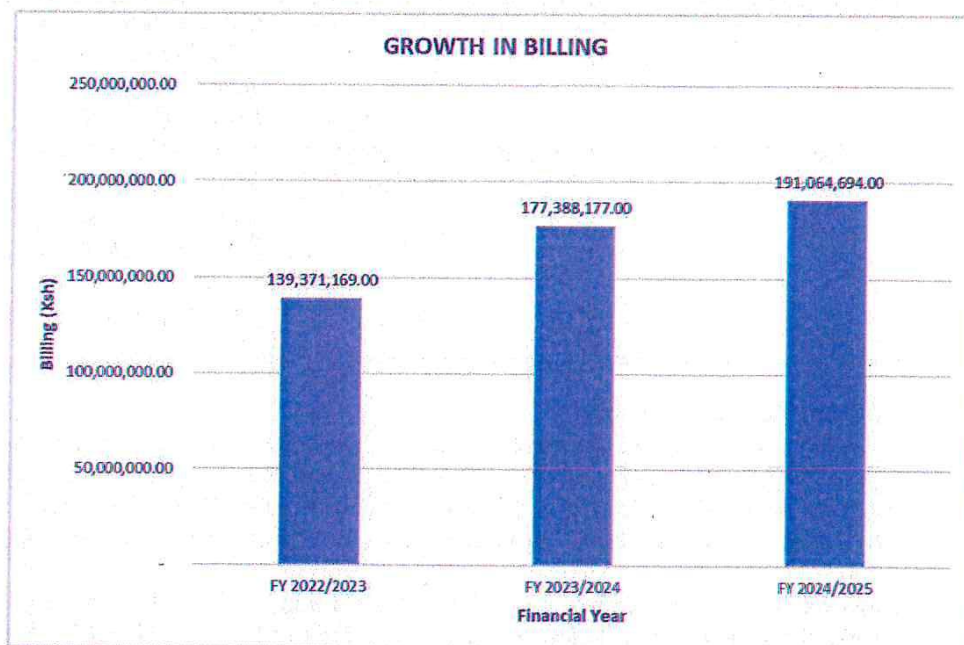
- a. Developing a set of corporate governance principles and guidelines;
- b. Establishing appropriate structures and procedures to allow the Board to function independently of management; ensuring that the Company has appropriate risk management, internal control and regulatory compliance policies and procedures in place
- c. Establishing and reviewing performance of Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities;
- d. Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings;
- e. Undertaking regular evaluation of the Board, its committees and its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.

9. Management Discussion and Analysis

The company's operational and financial performance

During the financial year the company made a loss of Kshs 24,754,238 compared to a loss of Kshs 16,255,724 during the previous financial year.

The company's total billings from water and sewerage services increased by Kshs 13,676,520 from Kshs 177,388,177. in the previous year to Kshs 191,064,694. This increase is attributed to increase in water billing as a result of increased new connections across all schemes.



Company's compliance with statutory requirements

The company complied with statutory requirement like payment of NHIF, NSSF, PAYE, WIBA and contribution to pension schemes. Nevertheless, we have arrears in other statutory obligations like pension, lease fee, regulatory levy and abstraction levy to WRA and audit fee.

Major risks facing the company

The major risk facing the company is the ongoing concern of the company as a result of the high cost of production and inflationary tendencies within the country.

Material arrears in statutory/financial obligations

The Company had the following material balances in the year under review:

- Lease Fee to AWWDA Kshs 29,215,454
- Regulatory Levy Kshs 36,146,842
- Abstraction Levy Kshs 5,892,982

Limuru Water and Sewerage Company Ltd.
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The company’s financial probity and serious governance issues

The company does not have any financial probity or any governance issues, since the company has risk management in place and adequate internal controls.

Development Projects

We have tabulated our development projects in terms of status, effects and proposed intervention.

No	Proposed Capital Work	Status	Impact	Proposed Intervention	Source of Funds
1	Sewerage Work	Complete	Increase in Coverage area sanitation	Construction of reticulation sewer network in Limuru East, Bibirioni and Limuru Central ward Rehabilitation of existing sewage treatment plant and construction of new sewage plant.	Africa Development Bank

Review of Kenyan Economy

According to the African Development Bank, Kenya’s Economy grew by an estimated 5.2% in the year 2023. Services accounted for 69% of the growth and agriculture for 23%. Inflation edged up to 7.7% in 2023 from 7.6% in 2022, driven by core inflation (32% of the change), fuel inflation (26%), and cost-push inflation (9% year on year increase in the producer price index).

Kenya’s GDP was projected to grow 5.4% in 2024 and 5.6% in 2025, driven by services and household consumption. Inflation was expected to fall to 6.2% in 2024 and 5.5% in 2025, as food and global inflation both declines.

Review of the Water Sector

The performance of the water sector as given in the Impact Report No. 17 is as detailed below:

1. Water Coverage – National Water Coverage increased from 65% to 70%
2. Sanitation Coverage – There was a marginal drop in sanitation coverage from 93% to 92%.
3. Sewered Sanitation Coverage - The national coverage for sewered sanitation dropped from 16% to 15%.
4. Drinking Water Quality - National drinking water quality was 89%
5. Hours of Supply – There was an increased average in supply hours from 17hrs to 18hrs per day was reported
6. Non-Revenue Water - The national NRW was 44%

Future Development Plans of the Company

The company has developed a five-year strategic plan running from 2024 to 2029. The strategic plan details the company’s future development plans.

10. Environmental and Sustainability Reporting

Limuru Water and Sewerage Company aims to transform lives of the residents which is its purpose and the driving force behind offering potable water and sanitation services to residents within its area of jurisdiction.

Below is an outline of the organisation's policies and activities that will promote sustainability

i. Sustainability strategy and profile

Increase in Coverage

The company has endeavoured to develop water sources to serve its area of jurisdiction. The utilization capacities of most of the sources are currently below the design level. The company is therefore working to increase the utilization capacity of the already developed water sources to optimal capacities before developing new sources. Nevertheless, the company will keep developing sources in areas that cannot be served by the existing sources owing to their geographical location or terrain constraints. The optimization of water sources is geared towards increased production that will result to more residents accessing water services.

Increase in Revenue

During the financial year the company installed additional zonal and master meters to enhance accountability, increased water and sewer coverage and came up with strategies to improve revenue.

The company further carried out construction of additional 39.9km of water pipes in the financial year which in turn increased the number of water connections from 11,387 to 13,698 and sewer connections from 1,100 to 1,244

Operational efficiency/institutional strengthening

During the financial year the company developed, improved and implemented operational systems and procedures, improved staff productivity through training, provided a positive work environment by recognizing and rewarding individual talent, encouraging team work and promoted mutual trust and the company provided quality water through strengthening process control and water quality monitoring

ii. Environmental performance

The company sponsors and participate in tree planting activities in order to protect our water sources and also for environmental conservation. During the financial year the company planted a total of 12,870 trees (both indigenous, exotic and fruit trees) in Bathi Catchment, avenues and Bibirioni peoples' park.

iii. Employee welfare

Employees are hired on need basis through a competitive process, we take into consideration the gender and ethnicity ratio. We continually train our staff based on training needs as identified in our training needs assessment

**Limuru Water and Sewerage Company Ltd.
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iv. Market Price practices

a. Responsible competition practice

LWSC promotes ethical business by:

- Enforcing zero tolerance for corruption.
- Using open tendering and transparent procurement.
- Offering cashless payment and automated billing.
- Maintaining a customer service charter and regular public outreach.

b. Responsible supply chain and supplier relations

The company complies with Public Procurement and Asset Disposal Act 2015 and Regulations 2022. We have a good working relationship with our suppliers and we honor contracts.

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

LWSC practices responsible communication through:

- Accurate service updates via website, USSD, and forums.
- Stakeholder consultations and community education.
- Respect for diversity and inclusive messaging.

d. Product stewardship or Awareness Creation

Water is a natural resource and it is a basic human right as enshrined in our constitution and in this regard the company has made remarkable progress in the quest to enhance our network coverage and improve reliability of water supply to our customers.

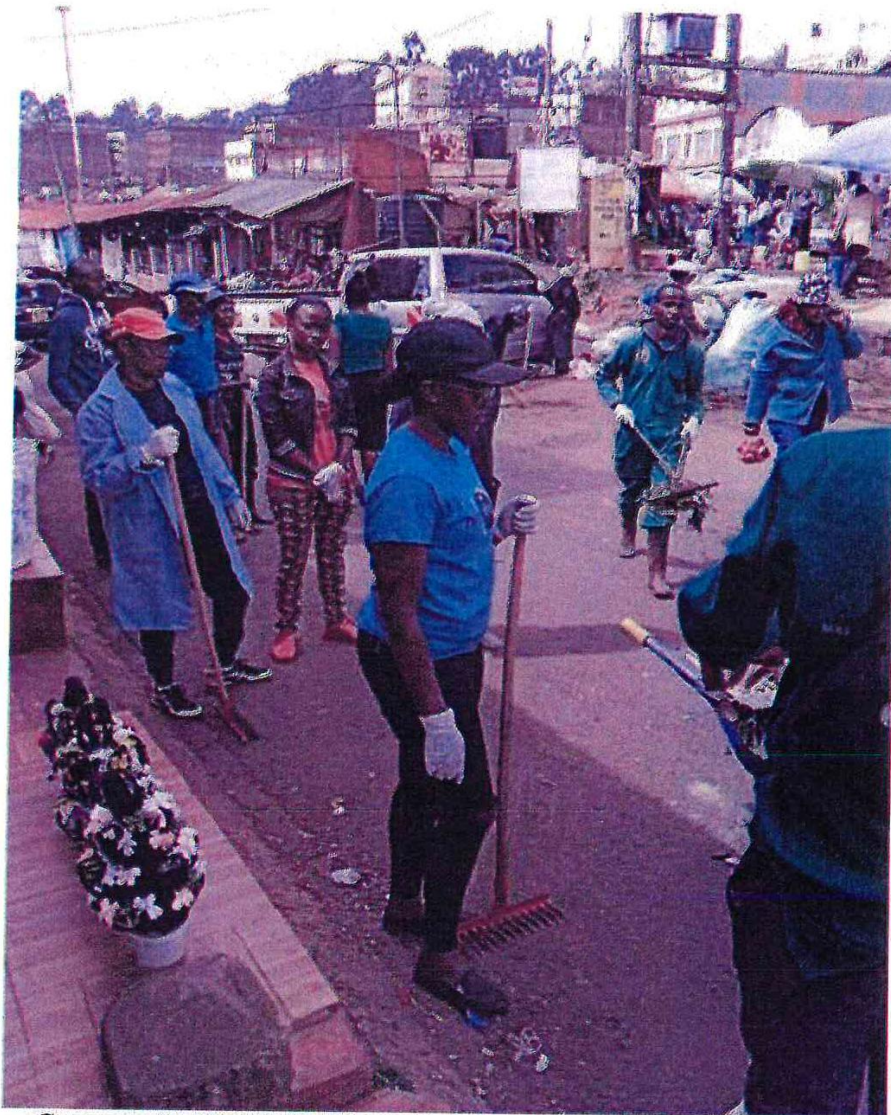
v. Corporate Social Responsibility / Community Engagements

Limuru Water & Sewerage Company (LWSC) aligns its corporate social responsibility (CSR) with national goals, SDGs, and Vision 2030, focusing on water, sanitation, environmental conservation, and community empowerment.

The CSR activities are aimed at promoting sustainable development in water and sanitation, build community trust through stakeholder engagement, advance ethical corporate citizenship and support environmental and social resilience.

Key CSR Activities carried out during the reporting period are as detailed below:

Activity	Location	Objective	Beneficiaries	Cost (KES)
Tree planting & Monthly town clean-up	Kiambu County	Environmental conservation & Restoration	Schools & communities	339,254
Development of Ngarariga People's Park	Bibirioni Ward	Environmental restoration	Local community	698,640
Food donation (Kitty)	Ndeiya Sub-	Community support	10 families	10,000



Company Staff participating in the Monthly Clean Up

Limuru Water and Sewerage Company Ltd.
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 30th, 2025 which show the state of the company's affairs.

i. Principal activities

The principal activities of the Company are to ensure the economical provision of water and sanitation services in Limuru and part of Lari Sub County.

ii. Results

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

iii. Dividends

Directors did not recommend payment of dividend for the year ended 30th June 2025.

iv. Directors

The members of the Board of Directors who served during the year are shown on page iii.

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 MURITHI WANSU Sign  Date 28/06/2025

Company Secretary

Limuru Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 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.

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.

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 27th August 2025 and signed on its behalf by:

.....
David Mungai Mwaura
Chairperson of the Board

.....
Nicholas Kamuria Wainaina
Ag. Managing Director

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

13. Report of the Independent Auditors for the financial statements of Limuru Water and Sewerage Company Ltd.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LIMURU WATER AND SEWERAGE COMPANY LIMITED 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 Limuru Water and Sewerage Company Limited set out on pages 1 to 33, 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 Limuru Water and Sewerage Company Limited 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 Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Trade and Other Receivables

1.1 Unsupported Specific Provision for Bad Debts

The statement of financial position reflects trade and other receivables balance of Kshs.30,716,638 as disclosed in Note 16(a) to the financial statements. Included in this balance is total trade receivables of Kshs.68,042,551 with a specific provision for bad and doubtful debts of Kshs.39,667,897, 5% general provision for bad and doubtful debts of Kshs.1,418,733 and other trade debtors' receivables of Kshs.3,760,715. The Company's debt management policy provides 100% specific provision for bad debts to customers who have not paid for more than five (5) years. However, analysis of receivables which have remained outstanding for five (5) years and above were not provided for audit.

1.2 Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.30,716,638 as disclosed in Note 16(a) to the financial statements. Included in this balance is Kshs.22,866,068 from 9271 active accounts and Kshs.26,124,370 from 4495 inactive accounts which have been outstanding for more than 180 days as tabulated in the debtors ageing analysis report. Management did not provide reasons why the debts of active customers were not collected or any measures being put in place to pursue the debtors and recover the amounts owed to the Company.

In the circumstances, accuracy and total recoverability of trade and other receivables balance of Kshs.30,716,638 could not be confirmed.

2. Lack of Land Ownership Documents

The statement of financial position reflects property, plant, and equipment balance of Kshs.45,564,264 as disclosed in Note 14(b) to the financial statements. Included in this balance is land valued at Kshs.750,000 owned by the Company in Karambani as per the asset register. However, ownership records were not provided for audit review.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.45,564,264 could not be confirmed.

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

Material Uncertainty Related to Going Concern

The statement of profit or loss and other comprehensive income for the financial year 2024/2025 and 2023/2024 reflects loss of Kshs.24,754,238 and Kshs.16,255,724 respectively. This decreased the revenue reserves from a negative balance of Kshs.127,686,249 as at 30 June, 2024 to a negative balance of Kshs.152,440,487. Further, the Company's current liabilities balance of Kshs.198,343,269 exceeded its current assets balance of Kshs.39,286,601 resulting in a negative working capital amount of Kshs.159,056,668. This material uncertainty casts significant doubt on the Company's ability to continue as a going concern. The above matters indicate that the Company is technically insolvent and may not be able to meet its current obligations as and when they fall due.

In the circumstances, the continued existence of the Company is dependent on continued financial assistance from the County Government, donors and its creditors.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on a comparable basis of Kshs.242,720,000 and Kshs.211,788,402 respectively, resulting to an under collection of Kshs.30,931,598 or 13% of the budget. Similarly, the Water Company spent a balance of Kshs.243,343,139 against actual receipts of Kshs.211,788,402 resulting to an over expenditure of Kshs.31,554,737 or 15% of actual receipts.

The over expenditure, particularly on operational costs, directly reduces profitability, making it difficult for the Company to cover its expenses and achieve financial sustainability.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Trade and Other Payables
2	2023/2024	Failure to Disclose Water Inventory
3	2023/2024	Long Outstanding Trade and Other Receivables
4	2023/2024	Material Uncertainty Related to Going Concern
5	2023/2024	Excessive Non-Revenue Water
6	2023-2024	Unsustainable Wage Bill

Other Information

The Directors are responsible for the Other Information set out on page v to xxix which comprise of Key Entity Information and Management, 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 Limuru Water and Sewerage Company Limited financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Excessive Non-Revenue Water

During the year under review, the Company produced a total of 2,139,886 cubic meters (M³) of water at a cost of Kshs.115 per M³ resulting to Kshs.246,086,890 out of which only 1,368,598 M³ equivalent to Kshs.157,388,770 was billed to customers. The balance of 771,288 M³ equivalent to Kshs.88,698,120 represents unaccounted for water being 36% of the total volume of water produced which is 11% points above the allowable loss of 25% set by the Water Services Regulatory Board (WASREB) Guidelines. The unaccounted-for water may have resulted into loss of sales estimated at Kshs.88,698,120 worth of water as tabulated below;

Month	Produced Vol.(m3)	Billed Vol. (m3)	NRW Vol. (m3)	NRW Ratio (%)
July	159,788	106,122	53,666	33.6%
August	191,195	115,672	75,523	39.5%
September	200,132	129,714	70,418	35.2%
October	196,704	125,944	70,760	36.0%
November	166,676	107,939	58,737	35.2%
December	181,055	99,911	81,144	44.8%
January	198,789	131,389	67,400	33.9%
February	192,018	127,023	64,995	33.8%
March	187,268	122,028	65,240	34.8%
April	156,867	101,744	55,123	35.1%
May	155,436	98,473	56,963	36.6%
June	153,958	102,639	51,319	33.3%
Total Vol.(m3)	2,139,886	1,368,598	771,288	36.0%
Rate in Kshs.	115	115	115	
Total in Kshs.	246,086,890	157,388,770	88,698,120	36.0%

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

2. Employee Costs

2.1 Non- Compliance with Minimum Requirement on Employee Ethnic Balance

Review of the Company's employee records revealed that the Company had eighty-eight (88) members of staff. However, eighty (80) or 91% out of the total number of employees in the Company were from one dominant ethnic community. This was contrary to National Cohesion and Integration Act of 2008 which requires that no community should exceed a third of its staff from one ethnic community.

2.2 Non-Adherence to Regularity and Integrity on Recruitment of Persons Living with Disabilities

Review of the Company's Human Resource data revealed that the Company has employed eighty-eight (88) members of staff. However, the Company does not have any employee living with disability contrary to the Persons with Disability Act of 2025 which requires 5% statutory employment quota mandated for Persons with Disabilities inclusion.

2.3 Unsustainable Wage Bill

During the year under audit the Company's staff costs amounted to Kshs.79,947,468 which translates to 38% of total revenue of Kshs.211,788,402. This is higher by 8 percentile points of the recommended ratio of 30% in accordance with the Water Services Regulatory Board (WASREB) guidelines.

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

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects a balance of Kshs.178,526,769 in respect of trade and other payables as disclosed in Note 23 of the financial statements. Included in this balance is payables totalling Kshs.135,999,197 which have been outstanding for over 180 days as shown in below;

Name of the Creditor	Amount (Kshs.)
KPLC	53,380,875
Water Services Regulatory Board (WASREB)	36,146,842
Athi Water Services Board	29,215,454
Water Resource Authority	5,892,982
Office of the Auditor-General	2,552,000
Canon Security Services	1,321,271
Lianli Investment Company Limited	3,771,920
Federation of Kenya Employers	132,850
Peter K. Supeyo Hydrologist	160,000
Thika Water and Sewerage Company	2,663,670
WASCO	213,833
WASPA	547,500
Total	135,999,197

The respective balances keep increasing yearly due to levies and other charges. No explanation was provided for failure to settle the long outstanding bills and regulatory fees.

Further, review of documents provided for audit revealed that an amount of Kshs.11,991,072 was deducted in respect to pension but was not remitted. The non-remittance of staff deductions may attract penalties and interest from the receiving institutions and deny the staff of the Company respective services and benefits.

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

4. Irregular Appointment of Staff on Acting Capacity

Review of the Company Human Resource records revealed that the Managing Director of the Company has been in acting capacity for one year nine months having been appointed on 29 December, 2023 to date. Further, the officer has acted for periods longer than six months as stipulated in the Company's Human Resources Manual. No explanation was provided as to why the officer is still acting contrary to Section 4.1.3 and 4.1.4 of the Human Resource Policies and Procedure Manuals 2022.

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, except for matters reported in the Basis for Qualified Opinion, I report based on my audit, that:

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

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 overall 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 are 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

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

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

Description	Notes	FY 2024/2025	FY 2023/2024
REVENUE		Kshs	Kshs
Operating Revenue	6	191,064,697	177,388,177
Grant Income	7	1,000,000	7,000,000
Other Income	8	19,723,705	8,551,209
TOTAL REVENUE		211,788,402	192,939,386
EXPENSES			
Staff Costs	9	79,947,468	76,389,986
General and Operations Expenses	10	127,792,021	110,108,018
Board Expenses	11	5,603,982	4,525,484
Maintenance Expenses	12	16,028,927	13,155,564
Depreciation	13	7,170,242	5,016,058
TOTAL EXPENSES		236,542,640	209,195,110
PROFIT/(LOSS)		(24,754,238)	(16,255,724)

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

15. Statement of Financial Position as at 30 June 2025

Description	Notes	FY 2024/2025	FY 2023/2024
Non-Current Assets		Kshs	Kshs
Property, Plant and Equipment's	14	45,564,264	37,358,644
		45,564,264	37,358,644
Current Assets			
Inventory	15	910,377	773,271
Trade and Other Receivables	16	30,716,638	30,079,629
Cash and Cash Equivalent	17	7,659,586	5,027,520
Total Current Assets		39,286,601	35,880,420
Total Assets		84,850,865	73,239,064
Equity And Liabilities			
Capital and Reserves			
Share Capital	18	40	40
Capital Reserve		38,948,043	38,948,043
Revenue Reserve		(152,440,487)	(127,686,249)
Total Capital and Reserves		(113,492,404)	(88,738,166)
Current Liabilities			
Trade and Other Payables	23	178,526,769	145,210,230
Customer Deposits	24	19,816,500	16,767,000
Total Current Liabilities		198,343,269	161,977,230
Total Equity and Liabilities		84,850,865	73,239,064

The financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:

Sign
 Nicholas Kamuria Wainaina
 Ag. Managing Director

Sign
 Wilson Maina Mwangi
 Accountant
 ICPAK M/No. 18459

Sign
 David Mungai Mwaura
 Chairman of the Board

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

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

Description	Share	Revenue	Capital	Total
	Capital	Reserves	Reserves	Amount
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2023	40	(111,430,525)	38,948,043	(72,482,442)
Deficit for the year 2023-2024	0	(16,255,724)	0	(16,255,724)
Balance as at 30th June 2024	40	(127,686,249)	38,948,043	(88,738,166)
Description	Share	Revenue	Capital	Total
	Capital	Reserves	Reserves	Amount
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2024	40	(127,686,249)	38,948,043	(88,738,166)
Deficit for the year 2024-2025	0	(24,754,238)	0	(24,754,238)
Balance as at 30th June 2025	40	(152,440,487)	38,948,043	(113,492,404)

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

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

Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		194,160,731	183,470,693
Grants Income		1,000,000	5,000,000
VAT Refund		555,485	2,675,856
Compensation- KENHA		14,030,055	0 -
Customer Deposits		3,049,500	2,062,500
Total Receipts		212,795,771	193,209,049
Payments			
Staff expenses		67,088,379	68,949,000
General and Operation Expenses		105,123,565	102,804,691
Board Expenses		5,707,015	4,289,654
Maintenance Expenses		22,070,386	8,630,549
Total Payments		199,989,345	184,673,894
Net Cash From Operating Activities		12,806,426	8,535,155
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment (PPE)		(10,174,360)	(5,867,359)
Net Cash Used In Investing Activities		(10,174,360)	(5,867,359)
Cash Flows from Financing Activities			
Net Cash From/(Used In) Financing Activities			-
Increase/(Decrease) in Cash and Cash Equivalents		2,632,066	2,667,796
Cash And Cash Equivalents at Beginning of Year		5,027,520	2,359,724
Cash And Cash Equivalents at End of the Year		7,659,586	5,027,520

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

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

Description	Original budget		Adjustments		Final budget		Actual Performance		Deficit		% of utilization
	FY 2024/2025	Kshs	FY 2024/2025	Kshs	FY 2024/2025	Kshs	FY 2024/2025	Kshs	FY 2024/2025	Kshs	
Revenue	240,000,000		(20,100,000)		219,900,000		191,064,697		(28,835,303)		87%
Operating Revenue	-		1,000,000		1,000,000		1,000,000				100%
Grants	7,105,500		14,714,500		21,820,000		19,723,705		(2,096,295)		90%
Total Revenue	247,105,500		(4,385,500)		242,720,000		211,788,402		(30,931,598)		87%
Expenses											
Staff Costs	88,466,180		(8,211,180)		80,255,000		79,947,468		(307,532)		100%
Board Expenses	4,500,000		1,110,000		5,610,000		5,603,982		(6,018)		100%
General & Operations Expenses	116,341,220		9,957,780		126,299,000		126,386,897		87,897		100%
Maintenance	15,700,000		(600,000)		15,100,000		16,028,927		928,927		106%
Total Recurrent Expenditure	225,007,400		2,256,600		227,264,000		227,967,274		703,274		100%
Capital Expenditure	20,598,100		(5,142,100)		15,456,000		15,375,865		(80,135)		99%
Debt repayment	1,500,000		(1,500,000)		-		-				
Total Expenditure	247,105,500		(4,385,500)		242,720,000		243,343,139		(31,554,737)		
Surplus/ Deficit	-		-				31,500,000				
Financing of deficit (collection of arrears)											

Explanation on the Difference Statement of Financial Performance	
Reconciliating between statement of financial performance and budget	
Operating Loss in the Statement of Budget Comparison Operating Loss as per statement of Financial Performance	(31,554,737)
Less Depreciation	(7,170,242)
Less provision for bad and doubtful debts	(1,405,124)
Add Capital Expenditure	15,375,865
Operating Loss as per statement of Financial Performance	(24,754,238)

19. Notes to the Financial Statements

1. General Information

Limuru Water & Sewerage Company Ltd entity was established in 2006 and derives its authority and accountability from by Company's Act (Cap 486). The entity is wholly owned by the County Government of Kiambu and is domiciled in Kenya. The entity's principal activity is to ensure efficient and economical provision of water and sanitation services within Limuru Sub County and part of Lari Sub County.

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

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

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

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 IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

(The Directors 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.)

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.

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

(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

Limuru Water and Sewerage Company 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.

b) In-kind contributions

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

c) Property, plant and equipment

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

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

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

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

Item	Years	Rates
Buildings and civil works	40	2.5%
Water Meters	5	20%
Plant, Motors and machinery	4	25%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings	8	12.5%

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.

Notes to the financial statements (continued)
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) 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).

j) 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.

k) 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).

l) 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. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m) 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

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

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

n) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

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

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees. The scheme is administered by the following defined pensions schemes: Local Authorities Pension Trust (LAPTRUST), County Pension Fund (CPF), National Water Pension Scheme and Ministry of Water Pension Scheme and is funded by contributions from both the company and its employees.

The schemes are administered by Laptrust, Standard Chartered Bank and British American Insurance respectively. The employees contribute 12% of Basic Salary and house allowance and employer contributes 15% of the basic and house allowance for Laptrust Scheme while employees contribute 7.5% of the basic and house allowance and employer contributes 15% of the basic and house allowance for both Ministry of Water Pension Scheme and National Water Pension Scheme.

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% of pensionable wages.

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

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

u) 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.

v) 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.

w) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 6th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under note 11 of these financial statements.

x) 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.

y) Comparative figures

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

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

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

z) 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 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.

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

Notes to the Financial Statements (Continued)

6. Operating Revenue

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Water Sales	157,449,973	149,163,773
Sewerage Services	33,614,724	28,224,404
Total	191,064,697	177,388,177

7. Grants Income

Description	FY 2024/2025	FY.2023/2024
	Kshs	Kshs
County Government of Kiambu	1,000,000	7,000,000
Total	1,000,000	7,000,000

8. Other Income

Description	FY 2024/2025	FY 2023/2024
	(Kshs.)	(Kshs.)
Water application fees	2,791,000	2,003,000
Sewer application fees	510,000	647,500
Water reconnection charges	776,000	1,160,500
Reconnection request charges	49,500	1,200
Disconnection request charges	3,000	2,200
Fines and penalties	602,865	356,000
VAT refunds	555,485	2,675,856
Compensation by KeNHA for replacement of damaged pipes	14,030,055	0
Decrease in provision for bad debts	0	1,476,244
Other miscellaneous income	405,800	228,709
Total	19,723,705	8,551,209

9. Staff Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Gross Salary and Allowances	63,827,787	65,285,437
Casual Wages	941,475	731,700
Medical Expenses	4,986,120	1,313,806
Employer's Contribution to NSSF	2,454,900	1,547,280
Employers Contribution to Pension Scheme	5,259,150	5,319,450
Staff Welfare	1,523,645	1,384,858
National Housing Levy	954,391	807,455
Total	79,947,468	76,389,986
Average No. of Staff during the Year	88	89

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

Notes to the financial statements (continued)

10. General and Operations Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chemicals	2,704,540	3,136,399
County Grant Expenses	1,028,740	2,638,940
Electricity – Operations	66,430,845	53,282,706
Transport Expenses – Fuel	4,763,497	7,000,424
General Office Running Expenses	2,578,718	2,578,782
Staff Uniform	313,978	920,333
Telephone	1,338,594	1,019,596
Postage and Postal Charges	5,775	797
Insurance	767,029	728,538
Rent – Office	120,000	120,000
Travelling and Accommodation	8,655,711	8,902,080
Training Conferences & Work shops	6,134,027	6,414,980
Staff Performance/Benchmarking	1,571,320	833,953
Bank Charges	885,136	654,366
Security Services	3,827,201	3,778,486
Publication & Book	178,250	47,240
Legal Fees and other Charges	1,426,986	941,557
Environmental Conservation	339,254	196,750
Advertising Expenses	570,604	183,280
Electricity – Office	213,543	401,616
Printing & Stationery	1,085,742	1,202,169
Billing Fee	1,214,333	504,360
Abstraction (WRMA) Fees	2,850,050	2,500,000
ICT(Internet Services & Other costs	1,082,557	518,511
Audit Fee	232,000	232,000
Membership to Professional Association	92,500	239,400
WASREB Levy	7,848,114	7,254,892
Water quality Testing	238,893	208,950
Corporate Social Responsibility	938,330	38,350
WASCO Games	2,701,610	2,274,469
Customer & Stakeholders Engagement	359,590	573,280
Annual General Meeting	115,300	0
Licence Fee & permits	1,821,800	134,089
Pro – poor	70,000	37,000
Planning & Design	249,130	415,000
NRW Management	274,300	194,725
Tariff Review	1,316,500	0
First Aid and OSHA	42,400	0
General provision for bad and doubtful debt	33,526	0
Specific provision for bad and doubtful debt	1,371,598	0
Total	127,792,021	110,108,018

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

Notes to the financial statements (continued)

11. Board Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Board Sitting Allowances	5,603,982	4,525,484
Total	5,603,982	4,525,484

12. Maintenance Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Maintenance of Plant and Equipment	1,658,778	1,426,550
Maintenance of Water Supply	8,897,655	8,210,796
Maintenance of Sewerage Works	3,124,460	1,451,100
Maintenance of Buildings and Stations	463,490	162,740
Maintenance of Office Equipment	114,120	312,555
Maintenance of Motor Vehicle	1,770,424	1,591,823
Total	16,028,927	13,155,564

13. Depreciation and Amortization Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, Plant, and Equipment	7,170,242	5,016,058
Total Depreciation	7,170,242	5,016,058

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

Notes to the financial statements (continued)

14. Property, Plant and Equipment
14.(a) Property, Plant and Equipment Schedule for the Year Ended 30th June 2024

2023-2024 COST	Motor Cycle & Vehicle	Land	Meters	Computer	Tanks & Buildings	Pump & Motors	Pipelines (Water)	Equipment & Furniture	TOTALS
	As at 1st July 2023	3,666,946	1,308,500	15,105,050	3,557,414	13,890,732	14,334,135	10,564,128	1,713,250
Additions	-	-	5,123,598	939,050	-	1,824,658	3,142,665	67,280	11,097,251
Transfers	-	-	-	-	-	-	-	-	-
As at 30th June 2024	3,666,946	1,308,500	20,228,648	4,496,464	13,890,732	16,158,793	13,706,793	1,780,530	75,237,406
DEPRECIATION									
As at 1st July 2023	2,950,729	-	10,011,920	3,127,435	2,944,453	11,006,515	1,547,633	1,274,019	32,862,704
Charge for the Year	286,486	-	2,066,531	512,982	347,268	1,394,225	309,935	98,631	5,016,058
As at 30th June 2024	3,237,215	-	12,078,451	3,640,417	3,291,721	12,400,740	1,857,568	1,372,650	37,878,762
NET BOOK VALUE									
As at 30th June 2024	429,731	1,308,500	8,150,197	856,047	10,599,011	3,758,053	11,849,225	407,880	37,358,644
As at 30th June 2023	716,217	1,308,500	5,093,130	429,979	10,946,279	3,327,620	9,016,495	439,231	31,277,451

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

Notes to the financial statements (continued)
Property, Plant and Equipment (Continued)

14.(b) Property, Plant and Equipment Schedule for the Year Ended 30th June 2025

2024-2025 COST	Motor Cycle & Vehicle	Land	Meters	Computer	Tanks & Buildings	Pumps & Motors	Pipelines (Water)	Equipment & Furniture	TOTALS
As at 1st July 2024	3,666,946	1,308,500	20,228,648	4,496,464	13,890,732	16,158,793	13,706,790	1,780,530	75,237,403
Additions	1650000	-	5,686,176	1,024,600	-	2,094,180	4,864,909	56,000	15,375,865
Transfers	-	-	-	-	-	-	-	-	0
As at 30th June 2025	5,316,946	1,308,500	25,914,824	5,521,064	13,890,732	18,252,973	18,571,699	1,836,530	90,613,268
DEPRECIATION									
As at 1st July 2024	3,237,215	0	12,078,451	3,640,417	3,291,721	12,400,740	1,857,568	1,372,650	37,878,762
Charge for the Year	664,611	-	2,977,606	630,665	347,268	1,832,640	612,170	105,282	7,170,242
As at 30th June 2025	3,901,826	0	15,056,057	4,271,082	3,638,989	14,233,380	2,469,738	1,477,932	45,049,004
NET BOOK VALUE									
As at 30th June 2025	1,415,120	1,308,500	10,858,767	1,249,982	10,251,743	4,019,593	16,101,961	358,598	45,564,264
As at 30th June 2024	429,731	1,308,500	8,150,197	856,047	10,599,011	3,758,053	11,849,225	407,880	37,358,644

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

Notes to the financial statements (continued)

15. (a) Inventories

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chlorine	14,850	0
PVC Pipes	137,990	79,004
HDPE End Cap	31,565	26,282
HDPE Couplers	18,189	166,069
PVC Endcaps	7,192	975
HDPE Female Adapter	23,050	12,320
HDPE Male Adapter	46,901	5,740
Alum	65,250	250,560
Soda Ash	0	132,000
Water Meters	510,632	68,324
PVC Valves Sockets	0	18,497
Solvent Cement	14,500	13,500
Gate Valves	19,768	0
Valve Socket	20,490	0
Total	910,377	773,271

15 (b) Inventory of Water

SUMMARY OF WATER INVENTORY	
Facility description	Volume of Water Stored (m ³)
Water Distribution Tanks	854
Water Treatment Plants	600
Water Pipelines	1,630
Total Volume of Water (m³)	3,084

16. (a) Trade and Other Receivables

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Total Trade Receivables	68,042,551	66,000,420
Less Specific Provision for Bad and Doubtful Debts	(39,667,895)	(38,296,299)
Less 5% General Provision for Bad and Doubtful Debts	(1,418,733)	(1,385,207)
Other Trade Debtors Receivables	3,760,715	3,760,715
Total Trade and Other Receivables	30,716,638	30,079,629

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

Notes to the financial statements (continued)

16 (b) Debtors Aging Analysis

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Less than 30 days	13,631,143	12,012,897
Between 30 and 60 days	1,732,297	1,913,405
Between 61 and 90 days	1,055,243	1,056,168
Between 91 and 120 days	1,229,073	1,783,260
Over 120 days	50,394,795	49,234,692
Total	68,042,551	66,000,422

17. (a) Bank and Cash Balances

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Cash at bank	7,465,824	4,598,163
Cash in hand	525	1,900
Mobile money account	193,237	427,457
Total	7,659,586	5,027,520

17 (b) Detailed analysis of the cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
KCB - Expenditure Account Cash at Bank	13,366	8,486
KCB - Main Revenue Account Cash at Bank	6,407	54,108
KCB - Customer's Deposit Accounts Cash at Bank	7,397,021	4,419,436
WSTF - CLSG	0	40
Cash held by Post Bank (Revenue Collecting Agent)	49,030	116,093
Cash held by Safaricom (Revenue Collecting Agent)	193,237	427,457
Cash held in Petty Cash Book	525	1,900
Total	7,659,586	5,027,520

Notes to the financial statements (continued)

18. Ordinary Share Capital

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Authorized:		
5,000 Ordinary shares of Kshs 20.00 par value each	100,000	100,000
Issued and fully paid:		
2 Ordinary shares of Kshs 20.00 par value each	40	40

19. 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.

20. 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.

21. Retained Earnings

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

22. Retirement Benefit Obligations

The Company operates a defined contribution scheme for all full-time employees. The scheme is administered by the following defined pensions schemes: Local Authorities Pension Trust (LAPTRUST), County Pension Fund (CPF), National Water Pension Scheme and Ministry of Water Pension Scheme and is funded by contributions from both the company and its employees.

The schemes are administered by Laptrust, Standard Chartered Bank and British American Insurance respectively. The employees contribute 12% of Basic Salary and house allowance and employer contributes 15% of the basic and house allowance for Laptrust Scheme while employees contribute 7.5% of the basic and house allowance and employer contributes 15% of the basic and house allowance for both Ministry of Water Pension Scheme and National Water Pension Scheme.

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.

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

Notes to the financial statements (continued)

23. Trade and Other Payables

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Admark Enterprises LTD	180,000	0
Alpha Nova Business solutions	240,000	0
Arclight	0	87,000
Athi Water & Services Board	29,215,454	29,215,454
Bromak General Merchants	368,700	421,650
Brackenhurst	284,958	0
Cravers Grill Ltd	0	59,530
Canon Security Services	1,321,271	0
Caralyne Engineering Solutions LTD	434,000	0
Damwotek Engineering	240,000	0
Business Times	174,000	0
Diamond Chemicals Ltd	0	134,276
Deermaster Limited	0	103,650
Doshi & Co Hardware	298,965	1,498,965
Eleventus	0	58,000
Eslon Plastics Limited	0	156,815
Ecomodern Universal Services	0	123,000
Fast Choice Ltd	0	17,500
Federation of Kenya Employers	132,850	132,850
Good Car Autospares	0	100,760
Haddie Supplies Ltd	53,998	13,199
Hachfeld	0	245,057
Jets Hardware and Paints	230,892	0
Jessylyne Enterprise Ltd	430,680	404,600
Jamakoffice Supplier	0	298,000
Kinetics Engineering Ltd	517,882	0
Kibo Africa Ltd	129,890	129,890
KPLC	53,380,875	44,803,467
Kijabe Station Management	936	936
Kel Chemicals	93,960	0
Laser Insurance Brokers	587,335	837,335
Lianli Investment Company Limited	3,771,920	1,905,268
Losagi Insurance Brokers	500,438	837,582
Losai Management	1,107,776	1,107,776
Lurifest Enterprises	49,742	0
Micson	1,426,180	775,000
Mehmer Enterprises	322,909	0

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

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Master Piece Limited	1,699,921	1,670,449
Maruti Office Supplies LTD	58,098	0
Nairobi Iron Mongers Ltd	69,484	736,171
Natsal Enterprises Limited	0	114,370
Net Boutique	56,000	0
Office of the Auditor General	2,552,000	2,320,000
Olin Merchants	363,480	0
Pan Africa Chemical Ltd	507,177	441,720
Peter K. Supeyo Hydrologist	160,000	160,000
Prettie Enterprise	172,134	18,000
Primax Services	290,000	149,700
Rentokil Initial	4,706	4,706
Safaricom Limited	68,352	68,352
Solidarity Auto General Supplies Limited	0	48,100
Salkima Epheta Technologies	0	109,500
Saru General Supplies	262,117	0
Smart People Africa	599,333	0
Spalim Company Limited	180,000	380,300
Techlink Hydrosystem	0	170,000
Thika Water & Sewerage Co. Ltd	2,663,670	2,663,670
Wanjao & Wanjau Advocates	132,600	225,500
WASCO	213,833	213,833
WASPA	547,500	631,000
WASREB	36,146,842	28,298,728
Water Resource Authority	5,892,982	3,392,982
Wea International Incorporated	126,912	0
Wilo East Africa	0	1,394,658
Board Allowances Payable	21,067	124,100
Commissioner of Domestic Taxes	20,261	9,428
Salaries and Allowances	30,222,689	18,397,403
TOTAL	178,526,769	145,210,230

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

Notes to the financial statements (continued)

24. Customers Deposits

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Opening Customers Deposit Balances	16,767,000	14,703,500
Deposits Received from Customers	3,049,500	2,063,500
Closing Balance	19,816,500	16,767,000

25. Notes to The Statement of Cash Flows

Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash Flow From Operating Activities			
Profit/loss for the year before taxation		(24,754,238)	(16,255,724)
Adjustments for: Depreciation	13	7,170,242	5,016,058
Operating Surplus (Deficit) before working capital changes		(17,583,996)	(11,239,666)
Working Capital Changes			
(Increase) Decrease in Trade and Other Receivables	16	(637,009)	(678,681)
(Increase) Decrease in Inventories	15	(137,104)	(242,179)
Increase (Decrease) in Trade and Other Payables	23	33,316,539	23,862,075
Increase (Decrease) in Customer Deposits	24	3,049,500	2,063,500
Increase (Decrease) in Deferred Income			
Net Cash Flow from Operating Activities		18,007,930	13,765,049
Cash Flow From Investing Activities			
Purchase of Fixed Assets	14	(15,375,864)	(11,097,251)
Net Cash Flow from Investing Activities		(15,375,864)	(11,097,251)
Net Cash Flow from Financing Activities			
Net Cash Inflows (Outflow)		2,632,066	2,667,798
Cash and Cash Equivalent Brought Forward		5,027,520	2,359,722
Cash and Cash Equivalent Carried Forward		7,659,586	5,027,520

Other Disclosures

26. Related Party Disclosures

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

Companies and other parties related to the company include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. Limuru Water and Sewerage Company Limited is related to:

- i. The County Government of Kiambu (CGK)
- ii. Water Services Regulatory Board (WASREB)
- iii. Water Resources Authority (WRA)

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

Notes to the financial statements (continued)

- iv. Athi Water Works Development Agency (AWWDA)
- v. Key Management
- vi. Board of Directors
- vii. Ruiru Water & Sewerage Company Ltd
- viii. Gatundu Water & Sanitation Company Ltd
- ix. Karuri Water & Sewerage Company Ltd
- x. Kikuyu Water Company Ltd
- xi. Githunguri Water & Sewerage Company Ltd.
- xii. Kiambu Water & Sewerage Company Ltd
- xiii. Thika Water & Sewerage Company Ltd.
- xiv. Water Sector Trust Fund (WSTF)

Transaction with Related Parties

No.	Related Party	Details
1.	County Government of Kiambu	The County Government of Kiambu is the principal shareholder of the Company, holding 100% of the Company's equity interest. The Company owns eight water Companies that offer water services within their regions. During the financial year, the Company supplied water to institutions owed by the County Government and at the close of the financial year the institutions had some pending water bills amounting to Kshs 1,681,864.
2.	Athi Water Works Development Agency	During the financial year the company owed Kshs 29,215,454 as license fee
3.	Water Services Regulatory Board	During the financial year the company owed Kshs 36,146,842 as levy.
4.	Water Resource Management Authority	During the financial year the company owed Kshs 5,896,982 as abstraction fee.
5.	Thika Water and Sewerage Company Ltd.	During the financial year the company owed Kshs 2,663,670 as billing fee
6.	Key Management Staff	The gross salary for key management staff was Kshs 9,233,680 during the financial year.
7.	Karuri Water and Sanitation Company Limited (KAWSCO)	KAWSCO owed the company Kshs 8,777,900 as Water Bills

27. Contingent Assets and Liabilities

During the financial year we did not have any contingent asset or contingent liability.

Notes to the financial statements (continued)

28. 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.

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:

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

ii) Liquidity risk management

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

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.

iii) Market risk

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

Notes to the financial statements (continued)

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

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

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

a) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

iii). Fair value of financial assets and liabilities

a. Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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

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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:

29. Incorporation

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

30. Events after the reporting period

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

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20. Appendices

Appendix I: Progress on follow up of auditor recommendations

Reference No. on the external Audit Report	Issue/Observations from Auditor	Management Comments	Status: Resolved /Not Resolved	Timeframe:
1	Long outstanding Trade and Other Payables	Despite the company facing cash flow challenges with increasing operational costs, it has managed to settle some of the long outstanding payables and making their accounts clean. The company has applied for an indexed cost recovery tariff review which is at advanced stage. Once approved by the regulator, the company revenue will increase. Also, the company has put in place NRW reduction strategies geared towards reduction of operational costs. These strategies will help improve revenues and the company therefore will continually settle the remaining long outstanding payables and will be well positioned to honor obligations as and when they fall due.	Not Resolved	Ongoing
2	Failure to disclose Water Inventory.	The Company operates on a continuous water supply to the customers and has only distribution tanks but no reservoirs. The company was unable to approximate the water stocks in the water distribution tanks, treatment plants and pipelines for Year 2023/2024 but as recommended. Management has been able to carry out water inventory at close of year 2024/2025, and this has been disclosed as a note (Note 15b) in the current annual report and financial statement.		
3	Long outstanding Trade and other Receivables.	The company has had a debt recovery team and a Rapid Response Initiative team in place which have helped recover KES 2,042,130 in the year. Management is continuously making follow ups of the long outstanding debtors which among them are county entities and government institutions.	Not Resolved	Ongoing
	Emphasis of Matter			
1	Material Uncertainty related to going concern.	The Company has implemented strategies for increasing revenue, reducing operation cost and also NRW reduction strategies. The company has applied for an indexed cost recovery tariff which is at an advanced stage of its approval. This will help increase revenue.	Not Resolved	Ongoing
	Other Matters			
	Prior Year Unresolved issues			
1	Excessive Non-Revenue Water	The company has put in place improved measures towards reduction of non-revenue water. These measures are but not limited to: Improved metering Rehabilitation of dilapidated networks	Not Resolved	Ongoing

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Reference No. on the external Audit Report	Issue/Observations from Auditor	Management Comments	Status: Resolved /Not Resolved	Timeframe:
2	Unsustainable Wage bill	<p>Use of DMA concepts. Use of improved equipment for leak detectors and pressure management Servicing of customer meters</p> <p>The increase in staff cost is largely attributed to the expansive nature of our supply area which require numerous officers to manage eg. Ndeiya Ward. The areas have however started registering growing population and therefore water demand is increasing. This will eventually translate to revenue which will be able to cover the related staff costs.</p>	Not Resolved	Ongoing


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**Appendix II: Projects Implemented by the Company
Projects
Projects implemented by the Company Funded by development partners.**

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidate d in these financial statements (Yes/No)
Construction of Limuru Water and Sewerage Project	AWWDA/AEDB/KTSWSSP/W -02/2018	African Development Bank	2018- 2023			

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Construction Of Limuru Water and Sewerage Project	KSHS. 576,508,513.11	N/A	100%		KSHS. 576,508,513.11	African Development Bank and GOK

Signature..... Date.....28/10/25.....
Name Nicholas K. Wainaina –
Ag. Managing Director