

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

CHEMUSUSU WATER COMPANY LIMITED

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



CHEMUSUSU WATER 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

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON CHEMUSUSU WATER 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 Chemususu Water Company Limited set out on pages 1 to 32, which comprise of the statement of financial position as

Report of the Auditor-General on Chemususu Water Company Limited for the year ended 30 June, 2025

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 Chemususu Water 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 Standard (IFRS) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects total equity balance of Kshs.86,988,931 and a negative balance of Kshs.5,978,184 in respect of project administrative (accumulated deficit). However, the statement of changes in equity reflects balances of Kshs.90,667,448 and Kshs.1,909,322 resulting to unexplained and unreconciled variances of Kshs.739,356 and Kshs.7,887,506 respectively.

The statement of cash flows reflects net cash flows from operating activities amount of Kshs.2,876,762. However, Note 14 to the financial statements reflects an amount of Kshs.639,724 resulting in an unexplained variance of Kshs.2,237,038.

Further, the statement reflects amounts of Kshs.90,667,448 and Kshs.87,790,686 in respect of total receipts and total payments respectively. However, the statement of comparison of budget and actual amounts reflects balances of Nil and Kshs.8,772,676 resulting in unexplained variances of Kshs.90,667,448 and Kshs.79,018,010 respectively.

The statement of comparison of budget and actual amounts reflects total budgeted expenditure and actual on comparable basis amounts of Kshs.12,363,490 and Kshs.8,772,676 respectively. However, the recomputed amounts are Kshs.92,348,940 and Kshs.88,758,126 resulting in unexplained variances of 79,985,450 respectively.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Non-Current Assets Balance

The statement of financial position reflects total non-current assets balance of Kshs.85,719,103 which includes amounts of Kshs.967,440, Kshs.10,497,005 and

Kshs.74,254,658 in respect of machine and building and infrastructure of Kaptorngot and Saos-Upper Emining Water Projects respectively. However, the assets were not supported with a fixed assets register and the respective valuation reports. Further, the assets were not disclosed as property, plant and equipment as required in the recommended financial reporting template by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the accuracy and completeness of the non-current assets balance of Kshs.85,719,103 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Chemususu Water 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects Nil amounts of final income budget and actual on comparable basis receipts. Further, the statement reflects that the Company spent a recomputed amount of Kshs.88,758,126 against Nil actual receipts resulting in over absorption of Kshs.88,758,126. The accuracy of the statement is therefore doubtful and Management has not explained the failure to include the budgeted income and actual receipts amounts.

Further, the statement was not prepared in accordance the recommended financial reporting template by the Public Sector Accounting Standards Board (PSASB) which requires presentation of the budgeted revenue and expenditure against actual comparable basis and performance differences and utilization percentages.

In the circumstances, Management did not comply with the recommended reporting template and the lack of the relevant information may affect users' reliance on the financial statements for decision making.

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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. The statement of performance against predetermined objectives for the financial year 2024/2025 was omitted from the financial statements.

- ii. The statement of profit or loss and other comprehensive income reflects capital expenditure amounting to Kshs.82,779,942 which is contrary to the accounting standards on the treatment of capital expenditure in the financial statements.
- iii. The statement of financial position presented assets as non-current assets and not property, plant and equipment as required by the recommended reporting template.
- iv. The statement of comparison of budget and actual amounts submitted did not disclose the final budgeted revenue and expenditure and actual receipt receipts for the year as required in the approved template.

The Company did not comply with Section 164(1) of the Public Financial Management Act, 2012 which states the at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

In the circumstances, Management did not comply with the recommended financial reporting template as prescribed by the Public Sector Accounting Standards Board (PSASB).

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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Fraud Management and Risk Management Policies

During the financial year under review, the Company Limited did not have in place a customized risk management policy and fraud policy. Therefore, there were no approved

processes and guidelines on how to mitigate operational, legal and financial risks. In addition, the management did not conduct a formal risk assessment.

In the circumstances, the effectiveness of internal controls in risk and fraud management could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

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

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Company's, ability to continue as a going concern, disclosing, as applicable, matters

risks. In
related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Chemususu
Annual Report

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

11 December, 2025

Report of the Auditor-General on Chemususu Water Company Limited for the year ended 30 June, 2025

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
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Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

A. Acronyms

CEO	<i>Chief Executive Officer</i>
DG	<i>Director General</i>
IAS	<i>International Accounting Standards</i>
IASB	<i>International Accounting Standards Board</i>
IFRS	<i>International Financial Reporting Standards</i>
ICS	<i>Institute of Certified Secretaries</i>
MD	<i>Managing Director</i>
NT	<i>National Treasury</i>
PFMA	<i>Public Finance Management Act.</i>
WASREB	<i>Water Services Regulatory Board</i>

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information

Background information

The Chemususu-Water company Ltd was established by the Company's Act Cap 486 Act of Parliament on 7th July, 2015. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya

Principal Activities

The principal activity of the Company consists of provision of water services within the Legal jurisdiction of Eldama Ravine and Mogotio Sub-Counties and its Environs.

Vision.

To be a model of excellence in Water Provision.

Mission.

To optimally provide adequate, safe and reliable water and sewerage services to our customers at a commercially sustainable level.

Core objectives.

Provision of water within the Jurisdiction of Eldama Ravine Town and its environs.

Directors

Baringo County Government have formed CHEMUSUSU Water Company which is intended to take over the operation from ERAWASCO. The County have also recruited the Board of directors for Chemususu water Company to ensure transition and smooth operation as required.

S/NO	NAME	DESIGNATION	APPOINTMENT PERIOD
1.	Joshua Kiprop Kibet	Board Chairman	28 th February, 2025
2.	Kipkorir Gikono Kiptoo	Board Member (CO Finance and Economic Planning)	28 th February, 2025
3.	Allan Sogomo	Board Member	28 th February, 2025
4.	Ben Koitaba	Board Member	28 th February, 2025
5.	Dkt. Winnie Bore	Board Member (CO Water and Irrigation)	28 th February, 2025
6.	Issac Kipngeny Ronoh	Board Member	28 th February, 2025
7.	Rhoda Jepkemoi Bungei	Board Member	28 th February, 2025

Chemususu Water Company Limited
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Company Secretary

Mr. Zephania Kurere
P.O Box 826, Eldama-Ravine.

+254721-471-804

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Registered Office

Kenya Commercial Bank Building, 1st floor, Market Road,
P.O. Box 826 – 20103,
ELDAMA RAVINE.

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Corporate Headquarters

P O Box 826,
Kamelilo Along E/Ravine Nakuru highway
Eldama-Ravine-KENYA

Corporate Contacts

Telephone: 2540794 257 299
E-mail: chewasco2015@yahoo.com

Corporate Bankers

Kenya Commercial Bank,
Eldama Ravine Branch,
Market Road,
P.O. Box 415 – 20103,
ELDAMA RAVINE.

Bank Account Numbers:

- (i) 1327769255
- (ii) 1319305334

Independent Auditor

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

Principal Legal Adviser

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

The County Attorney, Baringo County Government
P.O Box 53-30400
Kabarnet, Kenya

Chemususu Water Company Limited
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3. The Board of Directors

S/N O.	NAME	POSITION	QUALIFICATION S	RESPONSIBILI TY
01.	JOSHUA KIPROP KIBET	Board Chair	MSC Financial Economics	
02.	KIPKORIR KIPTOO	Board Member	Msc In Business Administration(Fina nce)	
03.	ALLAN SOGOMO	Board Member	Degree in Civil Engineering	
04.	BEN KOITABA	Board Member	Degree in Associate Science	

Chemususu Water Company Limited

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05.	DR. WINNIE BORE	Board Member		
06	ISSAC KIPNGENY RONO		MSC Science Chemistry	
07	RHODA JEPKEMOI BUNGEI		MSC in Community Development	
08.	ZEPHANIA KURERE 	Managing Director/Comp any Secretary	-	Ag. Managing Director and in charge of Technical Services.

4. Key Management Team

S/N O.	NAME	POSITION	QUALIFICATION S	RESPONSIBILITY
01.	ZEPHANIA KURERE 	Managing Director	- BSC in Business Marketing	Ag. Managing Director and in charge of Technical Services.
02	JOSEPH KONGA KIPROP	Finance/Accounts	-BBAM-Finance Option -CPA/CCA -Diploma in Project Management	
03	JUDY CHIRCHIR	Human Resource/Administration	Diploma in Business Management/CPA	
04	GREIG KIPTANUI	Technical Services	Craft in Water Technology	

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

The company is in the process of recruiting the missing corporate management team as required.

5. Chairman's Statement

Introduction

It is my pleasure to release these financial statements relating to the operations of Chemususu Water Company Limited for the financial year 2024/2025. These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), Public Audit Act, 2015, and Water Act 2016 and within the requirements stated in the Company's Act Cap 486 Laws of Kenya.

Overview

The County Government of Baringo formed and recruited the new Board of directors for Chemususu Water Company to oversee and to enhance successful transition to the newly formed Chemususu Water Company under its Service Provision Agreement (SPA) of expanded mandate.

The Board of directors together with the County Government are still under the process of fast-tracking the transition to enable the entire process captures all the legal requirements.

Overall Organizational Performance

In response to the emerging challenges, the company is putting up measures to taking up several steps to improve and sustain its leadership role in the water sector. In addition, strategic business planning and periodic business review will be invigorated and strengthened.

The company is in the process of establishing a performance management system where the Board of Directors and the Corporate Management Team (C.M.T) are going to be appraised of their performance. Through this system all the company staff will be appraised as well.

As at now, the company does not have substantive Managing Director, Human Resource, as well as the commercial manager. The acting Managing Director is being assisted by section heads and zonal supervisors on day-to-day basis to run company business.

From the performance appraisals, skill gaps established, will be filled through training and capacity building.

Public relations remained good during the year. The Management and the Shareholders upped their efforts leading to improvement in productivity, cost reduction, quality services and employee performance.

The company is in the process of aligning its systems with the best practices and is presently in process of acquiring the ISO quality management systems certification. A team will be established to spearhead the process.

Corporate Governance Issues

The company is in the process of implementing the Corporate Governance guidelines as set out by the Water Services Regulatory Board. This is aimed at achieving transparency, accountability efficiency and effectiveness in service delivery.

Disclosures

During the year under review, besides the transactions reported in the notes to the accounts, there were no transactions with the Directors and Management that had conflict with the company's interest.

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Conclusion

I am glad to record my profound gratitude to all members of the Board, the Management and entire staff for the commitment and dedication with which the affairs of the Company were conducted in the year under review.

I have confidence that this spirit will be sustained and also weak areas identified are improved in the years ahead.

Thank You

Signature.......... Date..........

Name **JOSHUA KIPROP KIBET-CHAIRMAN**
 CHEWASCO LTD.

Chemususu Water Company Limited
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6. Report Of the Managing Director

Introduction

It is my pleasure to release these financial statements relating to the operations of Chemususu Water Company Limited for the financial year 2024/2025. These financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), Public Audit Act, 2015, and Water Act 2016 and within the requirements stated in the Company's Act Cap 486 Laws of Kenya.

Overview

During the year under review, the Company reached out the areas requiring Water Services. Although there is low performance and low revenue base the company strives to enhance its service delivery levels through completion of distribution network.

Sewerage

Currently sewerage services are being provided by Baringo County Government.

Maintenance

The main works carried out composed repair and replacement of pipes and pipe fittings, inspection of water works and pumps, testing and maintenance equipment's and cleaning of sedimentation tanks at Chemususu Treatment Works. This would improve on the quality of water supplied.

Water Sector Reforms

Under the water Act 2016, the following institutional framework has been created for the water services sector. The Company falls under the legal jurisdiction of Central Rift Valley Water Works Development Agency (CRVWDA). Various Water Sector Reforms includes:

- (i) Water Resources Authority
- (ii) Water Services Regulatory Board
- (iii) Water Works Development Agencies
- (iv) Water Sector Trust Fund
- (v) Water tribunal
- (vi) The county governments- who owns and establishes all the water service providers

Training, Capacity Building and Human Resources Development

The Company values and appreciates the enormous contribution and commitment of personnel towards improved performance. In this regard, the company is focusing in developing its human capital and enhancing the skills and abilities for the personnel development as well as towards meeting the company's business challenges. The training process will always be customized to suit the specific needs of the company, its customers, stakeholders and all-round development of personnel.

Chemususu Water Company Limited

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

Performance Management

In response to the emerging challenges, the company is putting up measures to taking up several steps to improve and sustain its role leadership in the water sector. In addition, strategic business planning and periodic business review will be invigorated and strengthened.

The company is in the process of establishing a performance management system where the Board of Directors and the Corporate Management Team (C.M.T) are going to be appraised of their performance. Through this system all the company staff will be appraised as well.

As at now, the company does not have the Human Resource, as well as the commercial manager. The Managing Director is being assisted by section heads and zonal supervisors on day-to-day basis to run company business. From the performance appraisals, skill gaps established, will be filled through training and capacity building.

Public Relations

Public relations remained good during the year. The Management and the Shareholders upped their efforts leading to improvement in productivity, cost reduction, quality services and employee performance.

International Standards Organization (ISO)

The company is in the process of aligning its systems with the best practices and is presently in process of acquiring the ISO quality management systems certification. A team will be established to spearhead the process.

Health and Safety

The company is in the process of establishing an Occupational Health and Safety committee in line with the requirements of the factories and other places of Work Act.

Corporate Social Responsibility

The company is in the process of forming a committee which will foster strong relationship with the community. This will be achieved after implementing a well-defined corporate social responsibility frame work.

Internal Control Systems and their Adequacy

I wish to confirm that the Company has proper and adequate systems of internal controls geared towards achieving efficiency in its various business operations, safeguarding of assets, optimum utilization of resources, and compliance with the law and statutory regulations.

Disclosures

During the year under review, besides the transactions reported in the notes to the Accounts, there were no transactions with the Directors and Management that had Conflict with the company's interest.

Conclusion

I am glad to record my profound gratitude to the Management and the entire staff, for the commitment, hard work and dedication with which the affairs of the company were conducted in the year under review

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Finally, I wish to extend my sincere thanks to the entire fraternity of all class of stakeholders and the Office of the Auditor General (OAG) in particular for their input and all the consumers for their continued support, advice and guidance.

I have every confidence that this spirit will be sustained in the years ahead and for CHEWASCO the future is bright and we hope to satisfy the stakeholders.

Thank you.

Mr. Zephania Kurere
Name

.....
Sign

.....
Date

Ag. Managing Director/Technical Manager,
Chemususu Water Company Limited

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

7. Corporate Governance Statement

Chemususu Water Company Limited is committed to operating under clear governance frame work and adhere to sound management practices.

We are committed to ensuring compliance with all the provisions of the water Act 2016, the Service Provision Agreement (SPA) granted by Central Rift Valley Water Works Development Agency (CRVWDA) and the Companies Act, Cap 486 as well as the corporate governance guidelines issued by WASREB vide a gazette notice on 18th June 2010.

For and on its behalf;

Mr Joshua Kibet  
..... **Sign** **Date**
Chairman
Chemususu Water Company Limited

Mr. Zephania Kurere  
..... **Sign** **Date**
Ag. Managing Director
Chemususu Water Company Limited

Chemususu Water Company Limited
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8. Management Discussion and Analysis

Overview

During the year under review, the company implemented two Water Projects financed by WSTF. Saos- Upper Eming Water project was completed successfully whereas Kaptorngot water project is in its final stages of completion.

However, the company has not begun its operations since the transition from ERAWASCO to Chemususu is Ongoing.

I look forward to more support and co-operation in the coming year.

Thank you.

Mr. Zephania Kurere

.....
Sign

.....
Date

Ag. Managing Director/Technical Manager,
Chemususu Water Company Limited

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

9. Environmental And Sustainability Reporting

Sustainability strategy and profile

The company continues to be a leading WSP in the sub county despite numerous challenges, old and dilapidated infrastructure, and financial constraints.

- Environmental issues have taken lots of priority. The Company has established Laboratory system capable to monitor water quality and is in the process of procuring modern equipment. The company often gets routine surveillance monitoring from CRVWWDA. Treatment works at Chemususu is undergoing rehabilitation and a new one is under construction.
- The company applied for the tariff adjustment, which was approved by CRVWWDA in January 2009 and implemented immediately and was due for review in 2010. The tariff was however not reviewed, and in 2013 an application for new tariff was forwarded, but due to the rigorous processes the term of the then Board of directors lapsed before completion. To date the company still uses the old extra ordinary tariff adjustment.
- Eldama Ravine town is in Baringo County. CHEWASCO was appointed by CRVWWDA as Water Service Provider for Eldama Ravine town and its environs. It extends its services 3kilometers beyond Town boundaries. Currently water coverage is 56% of the population within this area. The coverage decreases with distance from the central business district. In the low-income settlements, it is a mixed scenario: some parts are partially or well covered, while others are not covered at all. To ensure the financial self- sufficiency of the company, expansion should focus on the medium income areas. By 2025 coverage is projected to be 90% of the total population. However, the increase in geographical coverage is made complex by the new constitutional dispensation, especially with respect to county boundaries.
- CRVWWDA is licensed by the WASREB to be responsible for the efficient and economical provision of water Services within its jurisdiction. CRVWWDA in turn engaged CHEWASCO to be a Water Service Provider in Eldama Ravine town and its environs through a Service Provision Agreement (SPA)¹ as required by the water Act 2002, sections 53 and 55, and water act 2016.

Environmental performance

To attain the principle of sustainable development the Company have adopted the recommended procedure to be followed before a project is implemented. This involves approvals to ensure that the project does not pose any negative effects to the environment.

Employee welfare

The Company values and appreciates the enormous contribution and commitment of personnel towards improved performance. In this regard, the company is focusing in developing its human capital and enhancing the skills and abilities for the personnel development as well as towards meeting the company's business challenges. The training process will always be customized to suit the specific needs of the company, its customers, stakeholders and all-round development of personnel.

Chemususu Water Company Limited
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Water quality Control.

The company will ensure that its water quality meets national standards through internal and external tests in compliance to KEBs & WHO standards. In addition to its in-house laboratory tests, samples will be sent on a regular basis to the Kenya Bureau of Standards.

Employee Relations/Fair remunerations

The Company ensures fair remunerations and has a committee in place who will always deal with any conflict or disagreement amongst the employees.

Customer service

The Company has put in place standards of meeting the customer demands, these includes how customer's complaints are handled also period to which bursts are attended from the time it is reported.

Approved Tariffs.

The Company uses the approved tariffs by the regulator (WASREB) this will ensure the customers are not exploited in any way.

Community Engagements

The company is in the process of forming a committee which will foster strong relationship with the community. This will be achieved after implementing a well-defined corporate social responsibility frame work. However, the Company ensures close relationship with its customers through effective communication and conducting water clinics. Also, community involvements in projects implementation to enable them own the projects.

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

10. Report of the Directors

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

i) Principal activities

The principal activity of the Company is the provision of water services within the legal jurisdiction of Eldama-Ravine and Mogotio Sub.Counties

ii) Results

The results of the entity for the year ended June 30, 2025 are set out on page 1-7.

iii) Dividends

The company has not declared dividends for the year ended June 30, 2025

iv) Directors

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

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
v) Auditors

The Auditor General is responsible for the statutory audit of Chemususu Water Company Limited in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General has expressed his willingness to continue in office in accordance with section 159(2) of the Companies Act and section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Mr. Zephania Kurere

.....
Sign

Company Secretary/Secretary to the Board
Chemususu Water Company Limited

.....
Date

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

11. Statement Of Directors' Responsibilities

We are responsible for the preparation of this Annual Report and Financial Statements, in accordance with the Company's Act Cap.486 Laws of Kenya, the Public Audit Act 2015 and Public Finance Management Act,2012 Section 14 of the State Corporations Act.

We are of the opinion that these financial statements give a true and fair view of the state of affairs of the Company as at 30th June 2024 and its surplus for the year ended. We have ensured that the Company maintains proper accounting records which disclose with reasonable accuracy, the financial position of the Company. We are also responsible for safeguarding the assets of the Company.

We accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and in conformity with the International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act,2012 and the State Corporation Act, International Accounting Standards (IAS), and Company's Act and the Water Act 2016.

In the absence of the Board of directors of the Company the office of the CECM Baringo County takes responsibility of overseeing the operations of the Company, we are therefore aware of the challenges reported in the Financial Statements together with the previous observations by office of the auditor general which pertains the going concern of the Company. To arrest the highlighted issues, the County Government together with the Central Rift Valley Water Works Development Agency are working on a strategy to resolve these issues and will consolidate in its annual reports on its progress once a decision is reached.

Nothing has come to the attention of the Shareholders 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's financial statements were approved by the Board and signed on its behalf by:

Mr. Joshua Kibet
Chairman
CHEWASCO LTD

Sign

Date

Mr. Zephania Kurere

Sign

Date

Ag. Managing Director/Technical Manager
Chemususu Water Company Limited

Chemususu Water Company Limited.
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement Of Financial Position As at 30 June 2025

	Note	2024-2025 Kshs	2024-2025 Kshs
Assets			
Non-current assets			
Butt Fusion Machine		967,440	-
Building& Infrastructure (Kaptorngot Water Project)		10,497,005	-
Building& Infrastructure (Saos-Upper Eming Water Project)		74,254,658	-
Total non-current assets		85,719,103	-
Current assets			
Cash & cash equivalents	11	1,909,322	-
Accounts Receivables (Kaptorngot Project)	9	2,299,667	-
Total non-current assets		4,208,989	-
Total Assets		89,928,092	-
Equity and liabilities			
Wsft-Kaptorngot Water Project		12,981,665	-
Wsft-Saos upper Eming Water Project		79,985,540	-
Project Administrative Expenses(Accumulated Deficits)		(5,978,184)	-
Total Equity		86,988,931	-
Non-current liabilities		-	
Total non-current liabilities		-	-
Current liabilities(Accounts Payable Kaptorngot-Slick Solutions)	13	2,939,161	-
Total current Liabilities		2,939,161	-
Total Equity and Liabilities		89,928,092	-

Chemususu Water Company Limited.
Annual Report and Financial Statements for the year ended June 30, 2025

The financial statements were approved by the Board on 22nd August 2025 and signed on its behalf by:

Name: Joshua Kiprop Kibet

Sign..........Date.....4/12/2025

Designation: Chairman CHEWASCO LTD

Name: Zephania Kurere

Sign..........Date.....4/12/2025

Designation: Ag. Managing Director CHEWASCO LTD

Name: Joseph K. Kong'a

Sign..........Date.....4/12/2025

Designation: Accountant/Finance

ICPAK M/NO:307514

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement Of Changes In Equity for the Year Ended 30 June 2025

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Fund	Total
As at July 1, 2023								
New capital issued		-						-
Revaluation gain		-	-		-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As at June 30, 2024		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
As at July 1, 2024		-	-	-	-	-	-	-
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-

Chemususu Water Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

	Notes	Ordinary share capital	Revaluatio n reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Developme nt Fund	Total
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	1,909,322	1,909,322
Capital/Development grants received during the year		-	-	-	-	-	88,758,126	88,758,126
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June 30, 2025		-	-	-	-	-	90,667,448	90,667,448

Chemususu Water Company Limited

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

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

	Note	2024-2025 Kshs	2023-2024 Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		-	-
Grants Income		90,667,448	-
Finance Income		-	-
Other Income		-	-
Customer Deposits		-	-
Total Receipts		90,667,448	-
Payments			
Administrative expenses		5,978,184	-
Contractor costs-Saos upper Emining Water Project		74,254,658	-
Contractor costs-Kaptomngot west Lands Water Project		7,557,844	-
Total Payments		87,790,686	-
Net Cash From/ (Used In) Operating Activities		2,876,762	-
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		967,440	-
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Purchase Of Investment Property		-	-
Purchase Of Quoted Investments		-	-
Proceeds From Disposal of Quoted Investments		-	-
Net Cash From/ (Used In) Investing Activities		967,440	-
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		-	-
Proceeds From Borrowings		-	-
Repayment Of Borrowings		-	-
Dividends Paid		-	-
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		1,909,322	-
Cash And Cash Equivalents At Beginning of Year		-	-
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End of the Year		1,909,322	-

Chemususu Water Company Limited

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

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

	Original Budget 2024-2025	Adjustment s 2024-2025	Final Budget 2024-2025	Actual on comparabl e basis	Performan ce Difference 2024-2025	% of Utilizati on
	Original Budget 2024-2025	Adjustment s 2024-2025	Final Budget 2024-2025	Actual on comparabl e basis	Performan ce Difference 2024-2025	
SAOS-UPPER EMINING WATER PROJECT	Kshs	Kshs	Kshs	Kshs	Kshs	
Project Administrative Costs						
Community Mobilization	350,000	-	350,000	318,000	32,000	90%
Branding	100,000	-	100,000	64,000	36,000	64%
Supervision Cost	3,267,862	-	3,267,862	3,114,720	153,142	95%
Project Launch	300,000	-	300,000	125,000	175,000	42%
Tender Advert	300,000	-	300,000	233,669	66,331	78%
ToolKit	970,000	-	970,000	967,440	2,560	99%
Refunds	-	-	-	883,943	(883,943)	-
Bank Charges	-	-	-	24,020	(24,020)	-
Total Administrative Expenses	5,287,862	-	5,287,862	5,730,792	442,930	
Project Construction Works	0	-	-	0	-	
Metering,Pipeline extensions,Elevated Water Tank	74,697,588	-	74,697,588	74,254,658	442,930	99%
Total Construction Works	74,697,588	-	74,697,588	74,254,658	442,930	99%
Total Expenditures	79,985,450	-	79,985,450	79,985,450	-	
Surplus/(Deficit) for the period	-	-	-	-	-	
KAPTORNGOT WATER PROJECT	Kshs	Kshs	Kshs	Kshs	Kshs	
Project Administrative Costs						
Supervision Transport	195,000	-	195,000	192,000	3,000	98%
Printing Papers Stationeries	3,000	-	3,000	3,000	-	100%
Toners/Catridges	30,000	-	30,000	30,000	-	100%
Airtime-Project team	18,000	-	18,000	18,000	-	100%
Project task team allowance	120,000	-	120,000	120,000	-	100%
Branding	40,000	-	40,000	50000	(10,000)	125%

18. Notes to the Financial Statements

1. General Information

Chemususu Water Company Limited was established in Kenya as a Public Limited Company under the provisions of the Companies' Act Cap 486 on August 2015. It took over the Management of Water Supply as a Service Provider within the mandated Jurisdiction of Eldama Ravine and Mogotio Sub-County and its environs.

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 entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Chemususu Company Limited.

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

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

i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2024-2025

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

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

Freehold Land	Nil	-
Buildings and civil works	25 years or the unexpired lease period	4%
Plant and machinery	12.5 years	12.5%
Motor vehicles, including motor cycles	4 years	25%
Computers and related equipment	3 years	33.33%
Office equipment, furniture and fittings	12.5 years	12.5%

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

e) Intangible assets

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

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

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.

Summary of Accounting Policies

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. Cost is calculated using the weighted average cost method/ FIFO. 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. A report on losses and write offs is disclosed on this report.

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) Cash and cash equivalents

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

Restricted cash

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

q) 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.

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w) 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.

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6. Grants Income

	2024/2025	2023-2024
Kaptorngot Water Project	Kshs.	
Baringo County(Counter Funding)	1,958,550	-
Total	1,958,550	-
Saos-Upper Eming Water Project		
Baringo County(Counter Funding)	20,000,000	-
Total	20,000,000	-
Grand Total	21,958,550	-

	2024/2025	2023-2024
Kaptorngot Water Project	Kshs.	
WSTF Disbursements	8,723,678	-
Total	8,723,678	-
Saos-Upper Eming Water Project		
WSTF Disbursements	59,985,220	-
Total	59,985,220	-
Grand Total	68,708,898	-

7. Administrative Expenses

Description	2025
KAPTORGOT WATER PROJECT	
Project Administrative Costs	Kshs.
Supervision transport	192,000
Printing Papers Stationeries	3000
Toners/Catridges	30,000
Airtime-Project team	18,000
Project task team allowance	120,000
Branding	50,000
EIA Assessment	198,000
Bank Charges	3,832
Stakeholder Workshop	200,000
Flyers, Poster and Bronchures	40,000
Project Launch	80,000
Barazas	90,000
Public Hygiene sensibilization	40,000
PPEs(Masks and Sanitizers)	20,000
Mass Media Radio	50,000
Training of Kiosk operator	70,000
Public Notices/megaphones	10,000
Total Administrative Expenses	1,214,832
Project Construction Works	
Metering,Pipeline extensions,Elevated Water Tank	7,557,844
Total Construction Works	7,557,844
Total Expenditures	8,772,676
SAOS UPPER EMINING WATER PROJECT	
Community Mobilization	318,000
Branding	64,000
Supervison Cost	3,114,720
Project Launch	125,000
Tender Advert	233,669
ToolKit	967,440
Refunds	883,943
Bank Charges	24,020
Total Administrative Expenses	5,730,792
Project Construction Works	
Metering,Pipeline extensions,Elevated Water Tank	74,254,658
Total Construction Works	74,254,658
Total Expenditures	79,985,450
TOTAL PROJECT 1 AND 2	88,758,126

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8. Property, Plant and Equipment

Description	Freehold land	Buildings & civil works	Water & Sewer Infrastructure	Plant and machinery	Motor vehicles, including, motorcycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
Depreciation rate		4%	4%	12.5%	25%	33.33%	12.5%		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023									
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	84,751,663	967,440	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	84,751,663	967,440	-	-	-	-	-
Depreciation And Impairment		-	-	-	-	-	-	-	-
At 1 July 2024		-	-	-	-	-	-	-	-
Depreciation		-	-	120,930	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-	-
As At 30th June 2025		-	-	846,510	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/Adjustment		-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	84,751,663	846,510	-	-	-	-	-
As at 30th June 2024	-	-	84,751,663	967,440	-	-	-	-	-

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9. Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables	2,299,437	-
Net trade and other receivables	-	-
Analysed as:	-	-
Short- Term Trade and Other Receivables	2,299,437	-
Long- Term Trade and Other Receivables	-	-

10. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	-	-
Provision for doubtful receivables	-	-
Net trade receivables	-	-
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	-	-
Between 30 and 60 days	2,299,437	-
Between 61 and 90 days	-	-
Between 91 and 120 days	-	-
Over 120 days	-	-
Total	2,299,437	-

11. Bank and Cash Balances

	2024-2025	2023-2024
	Kshs	Kshs
Cash at bank	1,909,322	-
Cash in hand	-	-
Mobile money account	-	-
	1,909,322	-

Detailed analysis of the cash and cash equivalents

		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kcb Bank-	1319305334	1,909,322	-
Grand total		1,909,322	-

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12. Ordinary Share Capital

	2024-2025	2023-2024
	Kshs	Kshs
Authorized:		
5,000 ordinary shares of Kshs. 20 par value each	100,000	-
Issued and fully paid:		
5,000 ordinary shares of Kshs. 20 par value each	-	-

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13. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	2,939,161	-
Total	2,939,161	-

Aging Analysis for Trade and other Payables

	2024-2025	% of the total	2023-2024	% of the total
Under one year	2,939,161	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	2,939,161		-	

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14. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	1,909,322	-
Depreciation	120,930	-
Amortization	-	-
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade and other receivables	(2,299,437)	-
Increase/(decrease) in trade and other payables	2,939,161	-
Cash generated from/ (used in) operation	639,724	-
(b) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	1,909,322	-
Cash in hand	-	-
Balance at end of the year	1,909,322	-
Balance at beginning of the year	-	-

Notes to the financial statement

Other Disclosures

15. Related Party Disclosures

County Government of Baringo

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

Other related parties include:

- The County Department in charge of Water
- County Government of Baringo
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

16. Financial Risk Management

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

Notes to the financial statements

(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:

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	2,299,437	2,299,437	-	-
Other Receivables				
Investments	-	-	-	-
Bank balances	-	-	-	-
Total	2,299,437	2,299,437	-	-

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Credit Risk

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

The 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	2,939,161	-	-	-
Total	2,939,161	-	-	-
At 30 June 2024				
Trade payables	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage

and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department 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 entity's exposure to market risks