



COPY

**OFFICE OF THE COUNTY EXECUTIVE  
COUNTY GOVERNMENT OF KIAMBU**  
DEPARTMENT OF FINANCE, ICT AND ECONOMIC PLANNING  
P.O Box 2344 00900 Kiambu, Kenya

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Our Ref: KCG/FEP/16/01/VOL III (182)

29<sup>th</sup> August 2025

Auditor General  
The Office of the Auditor General  
P.O. Box 30084 -00100  
Nairobi

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29 AUG 2025  
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**RE: SUBMISSION OF ANNUAL FINANCIAL AND NON-FINANCIAL REPORT YEAR  
2024/2025 FOR THIKA MUNICIPALITY -KIAMBU COUNTY**

Pursuant to PFM Act 2012 and Various National Treasury circulars attached is the financial and non-financial report for the financial year 2024/2025 for the Thika Municipality

CONTROLLER OF BUDGET KIAMBU COUNTY  
RECEIVED  
03 SEP 2025  
P.O. Box 2344 - 00900 KIAMBU

**NANCY KIRUMBA**  
**CECM – FINANCE, ICT & ECONOMIC PLANNING**

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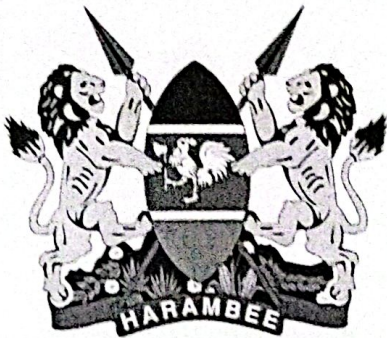
Copies to :

The Chief Executive Officer,  
Commission on Revenue Allocation,  
Prism Towers -28<sup>th</sup> Floor,  
P. O Box 1310 – 00200,  
NAIROBI

The Controller of Budget,  
Bima House  
P.O Box 35616-00200,  
NAIROBI

County Budget Coordinator  
KIAMBU COUNTY

OFFICE OF THE CONTROLLER  
OF BUDGET  
**REGISTRY**  
- 3 SEP 2025  
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**THIKA MUNICIPALITY**  
*County Government of Kiambu*



**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

---

Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)

OFFICE OF THE CONTROLLER  
OF BUDGET  
**REGISTRY**  
- 3 SEP 2025  
**COPY**  
TIME:.....  
P. O. Box 35616 - 00100, NAIROBI



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**THIKA MUNICIPALITY**  
*County Government of Kiambu*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**



<b>1. Acronyms &amp; Glossary of Terms .....</b>	<b>ii</b>
<b>3. Municipality Board.....</b>	<b>vi</b>
<b>4. Key Management Team .....</b>	<b>ix</b>
<b>5. Municipality Board Chairperson’s Report .....</b>	<b>xi</b>
<b>6. Report Of the Municipality Manager.....</b>	<b>xiii</b>
<b>7. Statement of Performance Against Predetermined Objectives for the FY 2024/2025 .....</b>	<b>xiv</b>
<b>8. Corporate Governance Statement .....</b>	<b>xvii</b>
<b>9. Management Discussion and Analysis .....</b>	<b>xix</b>
<b>10. Environmental And Sustainability Reporting.....</b>	<b>xxi</b>
<b>11. Report of the Municipality Board Members.....</b>	<b>xxiii</b>
<b>12. Statement of Management’s Responsibilities.....</b>	<b>xxiv</b>
<b>13. Report of the Independent Auditor for Thika Municipality.....</b>	<b>xxvi</b>
<b>14. Statement of Financial Performance for The Year Ended 30 June 2025. ....</b>	<b>1</b>
<b>15. Statement of Financial Position As At 30 June 2025 .....</b>	<b>2</b>
<b>16. Statement of Changes in Net Assets For the Year Ended 30 June 2025.....</b>	<b>4</b>
<b>17. Statement Of Cash Flows for The Year Ended 30 June 2025 .....</b>	<b>5</b>
<b>18. Statement of Comparison of Budget &amp; Actual Amounts for the Year ended 30 June 2025.....</b>	<b>6</b>
<b>19. Notes to the Financial Statements .....</b>	<b>8</b>
<b>20. Appendices.....</b>	<b>45</b>

## **1. Acronyms & Glossary of Terms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
DOSH	Department of Occupational Health and Safety
KUSP	Kenya Urban Support Programme
MAUD	Municipal Administration and Urban Development
OAG	Office of the Auditor General
UACA	Urban Areas and Cities Act
AUIP	Annual Urban Investment Plans
ISUDP	Integrated Strategic Urban Development Plans
IPSAS	International Public Sector Accounting Standards
APA	Annual Performance Assessment
IDEP	Integrated Development Plans
PAP	Project Affected Persons
P4R	Performance for Results
PFMA	Public Finance Management Act
PPADA	Public Procurement and Disposal Act
NMT	Non-Motorized Transport
NEMA	National Environment and Management Authority
CIDP	County Integrated Development Plan
SDG	Sustainable Development Goals
ESMP	Environmental and Social Management Plan

## **2. Key Entity Information and Management**

### **a) Background information**

Thika Municipality was established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27th June 2018. The Municipality is under the County Government of Kiambu and is domiciled in Kenya.

### **b) Principal Activities**

The municipality vision is to provide affordable, reliable and equitable distribution of services by creating a world class industrial and technological hub through harnessing partnerships and promoting green energy use.

The municipality's mission is to be an innovative and sustainable industrial city.

The municipality will strive to achieve the above Mission by;

- a) Contributing actively to the development of its environment, human and social capital;
- b) Offering high-quality services to all who live in, do business in or visit Thika Municipality; and being known for its responsive, efficient, effective

### **c) Key Management**

The Municipality management is under the following key organs:

- County department in charge of Municipalities i.e Municipal Administration and Urban development
- Board of Management
- Municipal Manager
- Management
- County Planning and Urbanization Assembly Committee

### **d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

<b>SN</b>	<b>Position</b>	<b>Name</b>
1	Municipal Manager/AIE	Gathii Kanyi
2	Resident Engineer	Eng Peter Karanja
3	Programme Coordinator	Martin Kangiri
4	Assistant Resident Engineer	Nelson Wanjohi

**e) Fiduciary Oversight Arrangements**

- i) Audit and Risk Management Committee-The board sub-committee comprises of three key board members who reports to the overall board on audit and risk matters. Members who sit in this committee are representatives of professional bodies who are in good standing.
- ii) Kiambu County Assembly: The municipal budget is anchored in the department of Land, Housing Physical Planning Municipal Administration and Urban Development before execution, it's approved by the County Assembly of Kiambu. Quarterly reports are also submitted to ensure budget executions are adhered.
- iii) Kenya Urban Support Program – The State Department of Housing and Urban Development manages the overall grant for all the municipalities in the counties. As part of their monitoring, the County submit quarterly statements of expenditure as part of control
- iv) Office of the Auditor General: The OAG has a statutory obligation where it audits financial statements for all the municipals in the County
- v) Internal Audit: The county has a vibrant internal audit office that undertakes internal controls for the undertaking of the programs.
- vi) World Bank Office: This is the main donor of the program and undertakes impact assessments on improvement of urban areas in the counties to support devolution.

**f) Registered Offices**

P.O. Box 240-01000 Thika  
Town Hall Building/House/Plaza  
Kenyatta Highway  
Thika, Kenya

**g) Contacts**

Telephone: (+254)722287637  
E-mail: thikamunicipality@kiambu.go.ke  
Website: Kiambu.go.ke

**h) Bankers**

1.Family Bank Thika Branch A/c. no. 005000063374




**i) Independent Auditor**

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


**j) Principal Legal Adviser**

The Office of the County Attorney  
County Government of Kiambu  
P.O. Box 2344 – 00900  
Kiambu, Kenya




### 3. Municipality Board

	<p>Personal Details:</p> <ul style="list-style-type: none"><li>• Joseph G. Mwangi</li><li>• 18th December 1957</li></ul> <p>Education:</p> <ul style="list-style-type: none"><li>• Diploma in Business Technical Education Program (TEP)</li><li>• Certificate in Engineering, Surveying and Photogrammetry</li><li>• Certificate in Building Construction Engineering</li></ul> <p>Work:</p> <ul style="list-style-type: none"><li>• Businessman</li><li>• Member of Kenya Private Sector Alliance</li><li>• Management Member of Kenya Auto Bazaar Association</li><li>• Chairman, Board of Management, Kathak Secondary School</li><li>• Chairman, Thika Municipal Board</li></ul>
	<p>Personal details</p> <ul style="list-style-type: none"><li>• Rachel Wanjiru Njue Mrs</li><li>• 13th Sept. 1966 (58 yrs)</li></ul> <p>Education</p> <ul style="list-style-type: none"><li>• Diploma in Banking and Finance</li></ul> <p>Work</p> <ul style="list-style-type: none"><li>• Former Banker</li><li>• Entrepreneur in Confectionery and banking accessories</li><li>• Vice Chairperson, Thika Municipal Board</li></ul>
	<p>Personal Details:</p> <ul style="list-style-type: none"><li>• John Kimaru</li><li>• Age:</li></ul> <p>Education:</p> <ul style="list-style-type: none"><li>• Diploma in Theology Studies</li><li>• TEE Certificate in Theology</li><li>• PCEA Theological Education</li></ul> <p>Work:</p> <ul style="list-style-type: none"><li>• Chairman: Jamhuri Market, Makongeni PCEA Church, Dr. Ngoima School</li><li>• Makongeni PCEA Parish Finance Member</li><li>• Board Member, Thika Municipal Board</li></ul>

	<p>Personal Details:</p> <ul style="list-style-type: none"><li>• Mumbi. A Ng'aru Hon. E.B.S</li><li>• 25th August, 1959 (65 Years)</li></ul> <p>Education:</p> <ul style="list-style-type: none"><li>• Bachelor of Arts in Social Work – Honours</li></ul> <p>Work:</p> <ul style="list-style-type: none"><li>• Thika Municipal Council Nominated Councillor</li><li>• Thika Municipality - Deputy Mayor</li><li>• Thika Municipality - H.W. Mayor</li><li>• Board Member, Thika Municipal Board</li></ul>
	<p>Personal Details:</p> <ul style="list-style-type: none"><li>• Rev Peter Kenyanjui</li><li>• Born 1947</li></ul> <p>Education:</p> <ul style="list-style-type: none"><li>• Master of Divinity.</li></ul> <p>Work:</p> <ul style="list-style-type: none"><li>• Worked with Nairobi County as technical assistance Road's Department</li><li>• Deputy Secretary General (PCEA)</li><li>• Church Minister</li></ul>
	<p>Personal Details:</p> <ul style="list-style-type: none"><li>• Mr Thome Paul Jomo,</li><li>• Born 8/4/1967 (57 Years)</li></ul> <p>Education:</p> <ul style="list-style-type: none"><li>• Diploma in Applied Theology and Community Leadership,</li><li>• Diploma in Transformational church leadership,</li><li>• Theological education by extension,</li></ul> <p>Work:</p> <ul style="list-style-type: none"><li>• HR at GK and Bros for 10years,</li><li>• Director at Trackmasters Company,</li><li>• Currently member of Thika Municipal Board</li></ul>

	<p>Personal Details:</p> <ul style="list-style-type: none"><li>• Hezron Muiruri Githua</li><li>• Born 7/7/1959 (65 Years)</li></ul> <p>Education:</p> <ul style="list-style-type: none"><li>• Diploma in Theology</li><li>• Electrical installation</li></ul> <p>Work</p> <ul style="list-style-type: none"><li>• Senior technician Automatic Tech</li><li>• Factory Supervisor, EABL</li><li>• Currently member of Thika Municipal Board</li></ul>
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#### 4. Key Management Team

<p>1. Municipal Manager:</p>  <p>Gathii Kanyi</p>	<p>Gathii Kanyi is the Manager, Thika Municipality. He is a Management and Administration expert, He holds Master's Degree in Entrepreneurship, Bachelor's degree in Education and Certified Public Accountant (CPA 2) Gathii Kanyi has vast knowledge and experience in Project Management, Budgeting, Grant Writing, Community based planning, Policy analysis Urban Development, Financial monitoring, and forecasting among others.</p>
<p>2. Resident Engineer</p>  <p>Peter Karanja Njenga</p>	<p>Eng. Njenga is a holder of a Master's of Science in civil engineering from the University of Nairobi. He holds a BSc degree in Civil Engineering from the University of Nairobi and has 17 years' experience in different fields of structural and civil engineering works namely contracts management, material testing and analysis, construction supervision of structures and road projects and structures design.</p> <p>Registered Professional Engineer with the Engineer's Board of Kenya (EBK) and a Corporate Member under the Institution of Engineers of Kenya (IEK).</p>
<p>3. Assistant Resident Engineer</p>  <p>Nelson Wanjohi</p>	<p>BSC Civil Engineering from JKUAT university and pursuing Msc. Project Management with over 14 years' experience in civil works and is registered by Engineers Board of Kenya (EBK) as a graduate engineer and by the Institute of Engineers of Kenya as a graduate member.</p> <p>Has 6 years' experience in the Private sector and 8 years' experience in the public sector and currently the assistant resident engineer in Thika Municipality.</p>

<p><b>1. CECM MAUD</b></p>  <p><b>Salome Muthoni Wainaina</b></p>	<p>Salome Wainaina is a holder of a Bachelor of Economics and Political Science degree and has an MBA in Strategic Management. She additionally has certifications in Leadership and Governance courses.</p> <p>She has over 20 years' experience in marketing and strategic management in both private and public sector.</p>
<p><b>2. Chief Officer MAUD</b></p>  <p><b>Martin Kangiri</b></p>	<p>Martin has an ongoing Ph.D. Urban Economics-University of South Africa, an Executive Diploma in Urban Development - London School of Economics and Political Science, Master of Economics (Finance) and Bachelor of Arts (Economics).</p> <p>Martin is an Economist with over ten years working experience for both public and private sector organizations in Coordination, supervision and promotion of economic ties with development partners.</p> <p>He is currently the Ag. Chief Officer Municipal Administration &amp; Urban development and County Programme Coordinator-Kenya Urban Support Programme and the Technical Team Leader (TTL)-Creation of Thika Industrial Smart City, Kabete, Githunguri, Juja, Gatundu, Githurai and Kimende Municipalities.</p>

## **5. Municipality Board Chairperson's Report**

### **Successes made.**

- Municipal Manager, Municipal board members and staff in place.
- Delegation of functions by the Governor to the Municipalities as envisaged in the municipal service charter.
- Formation of the Project Implementation Committee to oversee the overall execution of works in the municipality.
- Formation of a Grievances committee to foresee social environmental issues in the municipalities during the project implementation in place.
- Improvement of urban infrastructure such connectivity- roads, street lighting, sewer, landscaping and beautification

### **Review of the Municipality Board's performance**

During the period under review, Thika Municipal Board was able to implement to completion two infrastructural development projects which include;

- Proposed upgrading of Gwa Kairu road (1 km) to bituminous standards in Thika municipality
- Proposed construction of JKUAT gate – Uchumi junction in Juja to bitumen standards in Thika municipality

The financial performance during the period under review was exceptional with absorption of all the funds in line with the Program Operations Manual (POM) of the KUSP World Bank conditional grant.

### **Challenges faced**

- Competition for projects to be selected in the Annual Urban Investment Plans by citizens during project selection exercise.
- Delegation of functions and Gazettement of more roles. There has been consistent lobbying by the board to ensure delegation and Gazettement of more functions.
- Lack of a municipality vote head despite numerous requests by the board. This has led to challenges in sorting out the recurrent expenditures.
- Resource allocation of conditional grant (Urban Development Grant) is based on 2009 population census which has since grown massively to population according to 2019 census.
- Delayed relocation of services and utilities during infrastructural development such KPLC and water companies.

**Future outlook of the Municipality Board**

During the year the board successfully reviewed its new proposed strategic plan FY 2024/2025 - FY2027/2028 which aims to ensure Thika Municipality growth including implementation of projects under the Thika Integrated Strategic Urban Development Plan. The main objectives of the proposed strategic plan are to; Promote a stable, progressive, resilient and self-sufficient community, facilitate an empowered citizenry, build a sustainable environment and to create and maintain a competent and dynamic workforce.

On the governance front, there was full board member induction into the activities and operations of the Municipality. This has brought on the board fresh and diverse perspectives and increased the efficiency and reach of the Municipality.

**Name: J.G. Mwangi**



.....

**Chairperson of the Board**

## **6. Report Of the Municipality Manager**

I am pleased to present the annual report and financial statement of Thika Municipal Board and demonstrate how far we have come.

Thika Municipal Board has continued to operate within a progressively challenging environment. The municipality has come up with a strategic plan 2024/25 - 2027/28 anchored to the CIDP III. It will be used to improve service delivery and ensure achievement of set targets emphasizing on areas of priority in UACA 2011 amended 2019.

### **Financial Overview**

The financial performance during the period was dependent on the Annual Performance Appraisal (APA) on the performance of the municipality under KUSP- World Bank conditional grant which is a Performance for Results Program(P4R). Currently the Municipality have secured a budget vote head to help meet both recurrent and small works development and Maintenance.

### **Public Participation**

The municipality was able to conduct several citizen fora, stakeholder forums and various citizen engagement facilitated by the World Bank Fund and the Municipal Administration Department Kiambu County.

### **Staff Acquisition**

The municipality has requested for the deployment of staff in line with the proposed governance and institution framework proposed to the county for the operationalization of the municipality.

### **Future Plans**

Thika municipality has however faced similar challenges over the years including – insufficient funding due to strained budgetary allocation. Revenue targets are on the high actual realization. The municipality will continue to partner with development partners to strengthen municipalities.

**Name: Gathii Kanyi**



.....  
**Municipality Manager**

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

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, 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 including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Thika Municipality are:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration

Most of the projects listed below were continuing previous years projects for KUSP 1, since there was no funding for the year FY 2024/2025.

] Detailed analysis for each objective and outcome is presented in the table below;

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

<b>Programme Name: Thika Municipality</b>						
<b>Objective: To Improve Infrastructural Developments in Thika Municipality and it's Urban Areas</b>						
<b>Outcome: Creation of liveable cities, improved urban infrastructure, revenue improvement</b>						
<b>Sub Programme</b>	<b>Key output</b>	<b>Key performance indicator</b>	<b>Baseline</b>		<b>Planned Target FY 24/25</b>	<b>Actual FY 23/24</b>
			<b>Year</b>	<b>Value</b>		
General Administration & Support Services: Costing of Salaries	Improved efficiency and effectiveness in quality service delivery	No. of Officers Recruited	2022	0	2	1
Staff Training and development programs	Sustainable and satisfied work force	No. of staff sponsored for promotional, refresher courses & CPD programs	2022	0	10	12
Operation & Maintenance: General office	Consistency of information, methods, skills and controls	No. of offices equipped & furnished and general office maintenance	2022	0	1	1
Construction and upgrading of Municipal Infrastructures	Improvement of Roads	Kilometres of Roads Constructed	2022	km	5km	5km
	Improvement of Sewer System	Kilometres of Sewer lines constructed	2022	km	0km	0km
	Improvement of Street Lighting	No. of Street Lights Installed	2022	0	50	50
	Improvement of Bus Parks	No. Bus parks Rehabilitated	2022	0	0	0
	Improvement of Market sheds & Ablution Blocks	No. of Market sheds & Ablution Blocks	2022	0	0	0
	Construction & Rehabilitation of Stadium	No. of Stadia built or rehabilitated	2022	0	0	0
	Provision of Waste Management & Equipment	No. of Waste Management stations constructed or/& Equipment bought	2022	0	0	0
	Improvement of NMT & Parking Lots	No. of NMTs & Parking Lots constructed	2022	km	6km	5km
	Construction of Recreational centers	No. Recreational facilities Constructed	2022	0	0	0
	Construction of Fire station and Purchase of Disaster management Equipment	No. of Fire stations constructed and Disaster management Equipment Purchased	2022	0	0	0
	Construction of Storm water Drains	Kilometers of storm water Drains Constructed	2022	km	5 km	5 km
Renewable Energy and Climate Change	Incorporation of green energy as an alternative source of power within the municipality	No. of KWh units of wind energy generated	2022	0	0	0
		Volume of bio gas produced	2022	0	0	0

**County Government of Kiambu**

**Thika Municipality**

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

		No. of KWh units of solar PV energy generated	2022	0	0	0
<b>Total</b>						

## **8. Corporate Governance Statement**

- i. Process of appointment and removal of Board members-** Thika Municipality Board has been appointed and fully constituted through a competitive process by the county executive committee, with the approval of the county assembly as per the Urban Areas and Cities Act 2011 (Amended 2019).

Removal of any board member can only be done by the county governor, the board, supported by the vote of at least two-thirds of the members of the board and upon petition by the residents of a city or municipality.

### **ii. Roles and functions of the Municipality Board members**

The Boards major roles and functions include but is not limited to:

- Oversee the affairs of the city or municipality;
- Develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services;
- Formulate and implement an integrated development plan;
- Monitor and, where appropriate, regulate city and municipal services where those services are provided by service providers other than the board of the city or municipality;
- Establish, implement and monitor performance management systems
- As may be delegated by the county government, promote and undertake infrastructural development and services within the city or municipality;

### **iii. Induction and training**

The board has been inducted and trained on project management, corporate ethics, social safeguard issues and process of creating a municipal strategic plan among others.

### **iv. Municipality Board members and member's performance**

The municipality board is well constituted with seven (7) board members and the municipal manager as the secretary and the Chief Officer and County Executive Committee Member for Municipal Administration and Urban Development as the additional two (2) members. The board has appointed its chairperson and vice chairperson. The board also has sub committees that were passed in a board meeting.

- v. **Number of Municipality Board meetings held and the attendance to those meetings by members**-The Board holds four board meetings annually in addition to the committee meetings.
- vi. **Succession Plan**-A board member is only allowed to hold office for a 5-year term.
- vii. **Existence of a service charter**-The Board has an established charter.
- viii. **Board remuneration**-The Board is remunerated as guided by the salaries and remuneration commission.
- ix. **Ethics and Conduct**- This is guided by the Public Officer Ethics Act, 2003 & Related Regulations and it applies to public officers, including municipal and county board members. Duties include:
- a. Upholding honesty and integrity.
  - b. Acting with diligence and professionalism.
  - c. Using public resources responsibly.
  - d. Avoiding misuse of office for personal benefit.
  - e. Maintaining confidentiality
- x. **Governance Audit**-The governance audit is guided by the various policy legislations at the national and county level which are then scaled down at the municipality level.
- xi. **Communication Policy**- The key goals and objectives of the policy include establishing dynamic information systems, promoting public communication, managing digital platforms, and disseminating County information through various media.
- xii. **Terms of reference of Committees**-The various committees appointed are tasked with:
- **Scope:** Provide oversight, review legislation/budget, conduct fact-finding, and engage with stakeholders.
  - **Process:** Issue reports after inquiries, submit recommendations to the Assembly, and engage in public participation
- xiii. **Policy on related party transactions**-There isn't a specific RPT policy tailored for the municipality but the existing legal frameworks ranging from integrity standards to accounting rules and oversight bodies provide a solid foundation to regulate and monitor related party transactions at the county level.
- These transactions are governed by broader national legal and governance frameworks that explicitly prohibit conflicts of interest and enforce transparency at the county level.

## 9. Management Discussion and Analysis

Key Projects done during FY 2024/2025. The municipality has increased revenue collection improving financial performance of the entity within the year by improving service delivery and enforcement of urban and physical planning activities and approvals.

The county devolved all functions to the municipalities thus making them autonomous.

Thika Municipality						
Project Name	Contract Sum	Contractor	Implementation %	Start date	End date	Comments
Upgrading Of Gwa Kairu Road (1 Km) To Bituminous Standards In Thika Municipality	47,215,190.00	GOLDEN YEARS SUPPLIES	100%	March 2022	June 2024	Project Complete and certificate of completion issued after lapse of DLP period
Proposed construction of JKUAT gate a –Uchumi junction in Juja to bitumen standards in Thika municipality	47,215,190.00	Pejom Contractors	95%	March 2022	June 2024	Project Substantially Complete

### **Compliance with statutory requirements**

The municipality is compliant with the various statutory requirements:

- NEMA requirements were complied with by obtaining the licenses for our projects
- KRA on remittance of statutory deductions

### **Major risks facing the organization**

#### **1.Unaligned Thika Municipality Charter**

The municipality needs support and goodwill from the County Government for the charter to be reviewed and aligned to the UACA 2011,2019

**2.Lack of implementation of the Governance and Institutional Framework**

The municipality needs support and goodwill from the County Government for deployment of staff and delegation of responsibilities according to the UACA 2011,2019.

## **10. Environmental And Sustainability Reporting**

### *1. Sustainability strategy and profile*

The municipality sustainability strategy has been informed by various sustainable development efforts where the municipality is focused on SDG no. 11 which is to ‘make cities and human settlements inclusive, safe, resilient and sustainable urban areas which ensures effective urban development and management.’. Programmes of the National Government and the CIDP also informs that sustainability strategy of the municipality. The municipality has been able to develop a strategic plan anchored in the CIDP III of the Kiambu County Government. This strategic plan, a product of public participation considers the five pillars of sustainability: Governance, The Economy, Environment, Culture and Social pillars.

### *2. Environmental performance*

The municipality recognizes that environmental sustainability as the greatest challenge of the 21<sup>st</sup> century and commits to ensuring that all its major strategies and operations consider their environmental and ecological aspects and impacts.

The Municipality has a robust Solid Waste Management Policy and Solid Waste Management Plan approved by the Municipality Board. This policy framework is a response to the growing challenges of solid waste management within the municipality and creates a blueprint for:

- i. Protecting public health and environment
- ii. Facilitating public and private sector collaboration and participation.
- iii. Encouraging full stakeholder support.
- iv. Unfolding of more detailed plants, programmes and project
- v. Structure planning and sustainability
- vi. Effective and achievable implementation and monitoring

Promoting greater public awareness and behavior change.

The municipality has ensured that contractors adhere strictly to their Environmental and Social Management Plan (ESMP) has been prepared by municipality and contractors

The ESMP prepared is based on an overall environmental and social assessment, which includes (i) the general baseline at project areas (ii) Evaluation of potential environmental and social impacts of

different project components and subcomponents and (iii) Assessment of environmental practices in different ongoing and completed projects.

This standardized ESMP provides the guidelines for the preparation of all mitigation plans to respond to the anticipated project impacts, once projects begin after contractors are procured.

### *3. Employee welfare*

Currently, the hiring of employees is guided by the County Public Service Board with a manager appointed on 27 June 2018. Four more employees i.e., Civil and Electrical Engineer, Surveyor and Environment Officer were seconded to the manager from the County to assist the manager in the implementation of the Kenya Urban Support Program -World Bank Grant.

Policies that guide Staff development are currently undertaken by the Department of Municipal Administration although the municipality has been willing to take care of its own employees.

The municipality has requested for the deployment of more staff in order to discharge its mandate under the UACA 2011, amended 2019 after delegation of responsibilities by the County and its allocation of attendant resources.

The municipality always ensures that contractors of projects stay on compliance to the *Occupational Safety and Health Act of 2007*, OSHA guidelines and require registration of contractors with Department of Occupational Health and Safety (DOSHS).

## **11. Report of the Municipality Board Members**

The Board Members submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2025 which show the state of the Municipality affairs.

### **Principal activities**

The principal activities of the Municipality are as set out in earlier context.

### **Performance**

The performance of the Municipality for the year ended June 30<sup>th</sup>, 2025 are as set out in earlier context.

### **Board Members**

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

### **Auditors**

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



.....  
**Name: Gathii Kanyi**  
**Secretary of the Board**

## **12. Statement of Management’s Responsibilities**

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality manager is responsible for the preparation and presentation of the Municipality’s financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30<sup>th</sup>, 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 Municipality, (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 Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality’s transactions during the financial year ended June 30<sup>th</sup>, 2025, and the financial position as at that date.

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

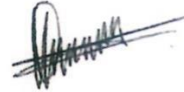
The Municipality's financial statements were approved by the Board on 28<sup>TH</sup> August 2025 and signed on its behalf by:



.....

**Name: J. G. Mwangi**

**Chairperson of the Board**



.....

**Name: Gathii Kanyi**

**Municipal Manager**

**13. Report of the Independent Auditor for Thika Municipality**

**14. Statement of Financial Performance for The Year Ended 30 June 2025.**

Description	Note	30.06.2025	30.06.2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	0	0
Public contributions and donations	7	0	0
Levies Fines and Penalties	8	0	0
Other revenues (Specify)	9	0	0
		0	0
<b>Revenue from exchange transactions</b>			
Interest income	10	0	0
Miscellaneous Income	11	0	0
<b>Total revenue</b>		<b>0</b>	<b>0</b>
<b>Expenditure</b>			
Use of goods and services	12	3,600	-
Staff costs	13	0	-
Board expenses	14	0	-
Finance costs	15	0	18,750.00
Depreciation and amortization	16	46,196,746.00	
Infrastructure projects	16b	-	9,882,170.00
Repairs and Maintenance	17	0	-
Total expenses		46,200,346	9,900,920.00
Other gains/losses			
Gain/loss on disposal of assets	18	0	-
<b>Surplus/(deficit) for the period</b>		<b>(46,200,346)</b>	<b>(9,900,920.00)</b>

The notes set out on pages 8 to 46 form an integral part of these Financial Statements. The entity financial statements were approved on 28<sup>th</sup> August 2025 and signed by:



.....  
**Name: Gathii Kanyi**  
**Municipality Manager**



.....  
**Name: CPA.Brian Mwangi**  
**Head of Finance**  
**ICPAK M/No.34935**

## 15. Statement of Financial Position As At 30 June 2025

Description	Note	30.06.2025	30.06.2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	15,102,168.00	15,105,768.00
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
<b>Total current assets</b>		<b>15,102,168.00</b>	<b>15,105,768.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	511,725,000.00	111,647,467
Intangible assets	25	-	-
Biological Assets	26	-	-
<b>Total Non-current Assets</b>		<b>511,725,000.00</b>	<b>111,647,467</b>
<b>Total assets (A)</b>		<b>526,827,168.00</b>	<b>126,753,235.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	27	2,364,879.00	-
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total current liabilities</b>		<b>2,364,879.00</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total liabilities (B)</b>		<b>2,364,879.00</b>	<b>-</b>

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

<b>Net Assets (A-B)</b>		<b>524,462,289.00</b>	<b>126,753,235.00</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		675,101,069.00	-
Reserves			
Accumulated surplus		<b>(150,638,780.00)</b>	<b>126,753,235.00</b>
<b>Net Assets/Equity</b>		<b>524,462,289.00</b>	<b>126,753,235.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28<sup>th</sup> August 2025 and signed by:



.....

**Name: Gathii Kanyi**  
**Municipality Manager**  
**Date:28/08/2025.**



.....

**Name: CPA. Brian Mwangi**  
**Head of Finance**  
**ICPAK M/No. 34935**  
**Date:28/08/2025**

**16. Statement of Changes in Net Assets For the Year Ended 30 June 2025**

		Kshs.	Kshs.	Kshs.
<b>Balance as at 1<sup>st</sup> July 2023</b>			25,006,688.00	25,006,688.00
Surplus/(deficit) for the period			(9,900,920.00)	(9,900,920)
Funds received during the year				-
Revaluation gain				-
<b>Balance as at 30<sup>th</sup> June 2024</b>	-	-	<b>15,105,768.00</b>	<b>15,105,768.00</b>
				-
<b>Balance as at 1<sup>st</sup> July 2024</b>	-	-	<b>15,105,768.00</b>	<b>15,105,768.00</b>
Surplus/(deficit) for the period		-	(46,200,346.00)	(46,200,346.00)
Funds received during the year				
Prior year adjustment Note 40 a &40c	675,101,069.00		(117,179,323.00)	557,921,746.00
Prior year adjustment -Note 40 d			(2,364,879.00)	(2,364,879.00)
Revaluation gain				-
<b>Balance as at 30<sup>th</sup> June 2025</b>	<b>675,101,069.00</b>	-	<b>(150,638,780.00)</b>	<b>524,462,289.00</b>

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

Description	Note	30.06.2025	30.06.2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>Specify</i> )		-	-
<b>Total Receipts</b>		-	-
<b>Payments</b>			
Use of goods and services		(3,600.00)	-
Staff costs		-	-
Board expenses		-	-
Finance costs		-	(18,750.00)
<b>Total Payments</b>		<b>(3,600.00)</b>	<b>(34,572.00)</b>
<b>Net cash flows from operating activities</b>	34	<b>(3,600.00)</b>	<b>1,159,987.00</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		-	(9,879,428.00)
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		-	<b>(9,879,428.00)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(3,600.00)</b>	<b>(9,893,000.00)</b>
Cash And Cash Equivalents At 1 July	19	15,105,768.00	25,006,688.00
<b>Cash And Cash Equivalents At 30 June</b>	19	<b>15,102,168.00</b>	<b>15,105,768.00</b>

**Thika Municipality**  
**County Government of Kiambu**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*	15,105,768.00	0	15,105,768.00	15,105,768.00	-	0
Receipts						
Transfers from the County Government	-	0	0	0	0	%
Public contributions and donations	-	0	0	0	0	%
Interest income	-	0	0	0	0	%
Miscellaneous income (specify)	-	0	0	0	0	%
<b>Total Receipts</b>	<b>15,105,768.00</b>	<b>-</b>	<b>15,105,768.00</b>	<b>15,105,768.00</b>	<b>-</b>	<b>100%</b>
Payments						
Use of goods and services	3,600.00	-	3,600.00	3,600.00	-	100%
Board expenses	-	0	0	0	0	%
Staff Costs	-	0	0	0	0	%
Finance costs	-	0	0	0	0	%
<b>Total expenditure Payments</b>	<b>3,600.00</b>	<b>-</b>	<b>3,600.00</b>	<b>3,600.00</b>	<b>-</b>	<b>100%</b>
Capital Expenditure Payments	-	0	0	0	0	
<b>Surplus for the period</b>	<b>15,102,168.00</b>	<b>-</b>	<b>15,102,168.00</b>	<b>15,102,168.00</b>	<b>-</b>	

*County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	15,102,168.00
1	Reason for differences The surplus balance refers to retention money held in the account; there was no grant budget for the financial year.	00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	15,102,168.00

## **19. Notes to the Financial Statements**

### **1. General Information**

Thika Municipality is established by and derives its authority and accountability from the Urban Areas and Cities Act 2011 amended 2019. The Municipality is under the Kiambu County Government and is domiciled in Kenya.

The entity's principal activity is municipal administration and urban development.

### **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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Municipality accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, world bank Program Appraisal Document (PAD), world bank project operations Manual and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Application of New and revised standards (IPSAS)**

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

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements</li> </ul>

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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**iii. Early adoption of standards**

The Entity adopted the new IPSAS standards as above mentioned in year 22/23.

#### **4. Significant Accounting Policies**

##### **a) Revenue recognition**

###### **i) Revenue from non-exchange transactions**

###### ***Transfers from other government entities***

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

###### **ii) Revenue from exchange transactions**

###### ***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

##### **b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on 11<sup>th</sup> June 2025. 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 Municipality upon receiving the respective approvals in order to conclude the final budget.

The Municipality'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 financial performance, 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. 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 Cashflows has been presented under section 14 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Biological Assets**

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

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise

on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

### **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

### **Financial liabilities**

#### **Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

### **g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange,

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

#### **h) Provisions**

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

#### **j) Contingent liabilities**

The Municipality does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### **k) Contingent assets**

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are

appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**l) Nature and purpose of reserves**

The Municipality creates and maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

The Municipality recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**n) Employee benefits – Retirement benefit plans**

The Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

The Municipality regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Department heads.

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The Municipality should indicate whether there are material adjusting and non- adjusting events after the reporting period.

**u) Currency**

The financial statements are presented in Kenya Shillings (Kshs.) and the values rounded off to the nearest shilling.

## **5. Significant judgments and sources of estimation uncertainty**

The preparation of the Municipality's financial statements in conformity with IPSAS 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.

State all judgements, estimates and assumptions made.

### **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 Municipality based its assumptions and estimates on parameters available when the consolidated 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 Municipality. Such changes are reflected in the assumptions when they occur.

### **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 from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

Notes to the Financial Statements

6. Transfers from the County Government

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	00	00
Payments by County on behalf of the entity	00	00
Unconditional development grants	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

(a) Transfers from County Government entities

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	30.06.2024
			Kshs	Kshs	Kshs
State Department	00	00	00	00	00
Ministry	00	00	00	00	00
		00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

7. Public Contributions and Donations

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Donation from development partners	00	00
Contributions from the public	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**8. Levies, Fines and penalties**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Levies	00	00
Fines	00	00
Penalties	00	00
Others	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**9. Other Revenues**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfers from other government entities	00	00
Others	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**10. Interest income**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Interest income from investments	00	00
Interest income on bank deposits	00	00
Others	00	00
<b>Total interest income</b>	<b>00</b>	<b>00</b>

**11. Miscellaneous income**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Income from sale of tender documents	00	00
Others	00	00
<b>Total other income</b>	<b>00</b>	<b>00</b>

## 12. Use of Goods and Services

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Utilities, supplies and services	00	00
Communication, supplies and services	00	00
Domestic travel and subsistence	00	00
Foreign travel and subsistence	00	00
Printing, advertising, supplies & services	00	00
Rent and rates	00	00
Training expenses	00	00
Hospitality supplies and services	00	00
Insurance costs	00	00
Specialized materials and services	00	00
Office and general supplies and services	00	00
Fuel, oil and lubricants	00	00
Other operating expenses	00	00
Routine maintenance – vehicles and other equipment	00	00
Routine maintenance – other assets	00	00
Contracted Professional Services	00	00
Audit fees	00	00
Hire of Transport, equipment etc	00	00
Bank Charges	3,600	00
Social Benefit expenses*	00	00
<b>Total</b>	<b>3,600</b>	<b>00</b>

## 13. Staff costs

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Salaries and wages	00	00
Staff gratuity	00	00
Social security contribution	00	00
Other staff costs	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

#### 14. Board expenses

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	00	00
Sitting allowances	00	00
Medical Insurance	00	00
Induction and Training	00	00
Travel and accommodation	00	00
Conference Costs	00	00
Other allowances	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

#### 15. Finance costs

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Interest on Bank overdrafts	00	00
Others costs	00	18,750.00
Interest on loans from banks	00	00
<b>Total</b>	<b>00</b>	<b>18,750.00</b>

#### 16. Depreciation and amortization

Description	30.06.2025	30.06.2024
	KShs	KShs
Property, plant and equipment	00	00
Intangible assets	00	00
Investment property carried at cost	00	00
<b>Total depreciation and amortization</b>	<b>00</b>	<b>00</b>

#### 16(b) Infrastructural Assets

Description	30.06.2025	30.06.2024
	KShs	KShs
Property, plant and equipment	00	9,882,170
Intangible assets	00	00
Investment property carried at cost	00	00
<b>Total depreciation and amortization</b>	<b>00</b>	<b>9,882,170</b>

**17. Repairs and Maintenance**

Description	30.06.2025	30.06.2024
	KShs	KShs
Property- Buildings	00	00
Office equipment	00	00
Furniture and fittings	00	00
Motor vehicle expenses	00	00
Maintenance of civil works	00	00
<b>Total repairs and maintenance</b>	<b>00</b>	<b>00</b>

**18. Gain/(loss) on disposal of assets**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Property, plant and equipment	00	00
Intangible assets	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**19. Cash and cash equivalents**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Fixed deposits account	00	00
On – call deposits	00	00
Current account	15,102,168.00	15,105,768.00
Others	00	00
<b>Total cash and cash equivalents</b>	<b>15,102,168.00</b>	<b>15,105,768.00</b>

*County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	30.06.2025	30.06.2024
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		00	00
Equity Bank, etc		00	00
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		00	00
Equity Bank - etc		00	00
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>c) Current account</b>			
Family bank UDG A/c		15,102,168.00	15,105,768.00
Equity Bank - etc		00	00
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>d) Others(specify)</b>		00	00
Cash in transit		00	00
Cash in hand		00	00
Mobile Money		00	00
<b>Sub- total</b>		<b>15,102,168.00</b>	<b>15,105,768.00</b>
<b>Grand total</b>		<b>15,102,168.00</b>	<b>15,105,768.00</b>

**20. Receivables from exchange transactions**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)
<b>Total Current receivables (a)</b>	<b>00</b>	<b>00</b>
<b>Non-Current receivables</b>		
Service, water and electricity debtors	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)
<b>Total Non- current receivables (b)</b>	<b>00</b>	<b>00</b>
<b>Total</b>	<b>00</b>	<b>00</b>

**Ageing analysis for Receivables from exchange transactions**

Description	30.06.2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total (a+b)</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

**21. Receivables from Non-Exchange transaction**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfer from County Executive	00	00
Transfer from Fund	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**Ageing analysis for Receivables from non-exchange transactions**

Description	30.06.2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

## 22. Prepayments

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Insurance	00	00
Rent	00	00
Water	00	00
Internet	00	00
Other ( <i>specify</i> )	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

## 23. Inventories

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Consumable stores	00	00
Medical supplies	00	00
Spare parts and meters	00	00
Water for distribution	00	00
Other goods held for resale	00	00
Catering	00	00
Less: allowance for impairment	(00)	(00)
<b>Total inventories at the lower of cost and net realizable value</b>	<b>00</b>	<b>00</b>

### Detailed Disclosure on Inventories

	Insert Current FY	Insert Comparative FY
<b>Opening balance</b>	<b>00</b>	<b>00</b>
Additional Inventory in the year	00	00
Inventory expensed in the year	00	00
Write-downs in the year	00	00
Others	00	00
<b>Closing balance</b>	<b>00</b>	<b>00</b>

*County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

**24. Property, Plant and Equipment**

Description	Solar Lighting and associated works	Motor vehicles	Road infrastructure	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs
	10%	0.125	5%		
<b>Depreciation Rate</b>	<b>10%</b>	<b>0.125</b>	<b>5%</b>		
<b>As at 1 July 2023 (previous year)</b>	-	0	411,537,272.00	-	<b>411,537,272.00</b>
Additions	-	0	<b>9,882,170.00</b>	-	<b>9,882,170.00</b>
Disposals	-	0	-	-	-
Transfers/adjustments	-	0	-	-	-
Revaluation Adjustment	-	0			-
<b>As at 30<sup>th</sup> June 2024</b>	-	<b>0</b>	<b>421,419,442.00</b>	-	<b>421,419,442.00</b>
Additions for the year	-	0	-	-	-
Disposals for the year	-	0	-	-	-
Transfer/adjustments	183,809,996.00	43,349,236.00	447,941,837.00	-	<b>675,101,069.00</b>
Revaluation Adjustment	-	0			-
<b>As at 30<sup>th</sup> June 2025(current year)</b>	<b>183,809,996.00</b>	<b>43,349,236.00</b>	<b>447,941,837.00</b>	-	<b>675,101,069.00</b>
<b>Depreciation and impairment</b>					
<b>At 1 July 2023 (previous year)</b>	-	0	-	-	-
Depreciation	-	0	-	-	-
Impairment	-	-	-	-	-
Transfers/ Adjustments	-	0	-	-	-
<b>As at 30 June 2024</b>	-	<b>0</b>	-	-	-
Depreciation for the year	<b>22,397,092.00</b>	<b>18,381,000.00</b>	<b>5,418,654.00</b>	-	<b>46,196,746.00</b>
Disposals for the year	-	0	-	-	-
Impairment for the year	-	0	-	-	-

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Transfer/adjustment	59,415,704.00	16,255,963.00	41,507,656.00	-	<b>117,179,323.00</b>
<b>As at 30<sup>th</sup> June 2025 (current year)</b>	<b>81,812,796.00</b>	<b>34,636,963.00</b>	<b>46,926,310.00</b>	-	<b>163,376,069.00</b>
					-
<b>NBV as at 30<sup>th</sup> Jun 2024 (previous year)</b>	-	-	<b>421,419,442.00</b>	-	<b>421,419,442.00</b>
<b>NBV as at 30<sup>th</sup> Jun 2025(current year)</b>	<b>101,997,201.00</b>	<b>8,712,273.00</b>	<b>401,015,526.00</b>	-	<b>511,725,000.00</b>

During the preparation of the financial statements for 2024/2025, it was noted that *Other Assets* within Property, Plant and Equipment were misstated in the prior year comparative disclosures. The balances have been restated to align with the audited financial statements. Ref note 40

## 25. Intangible assets

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	00	00
Additions	00	00
<b>At end of the year</b>	<b>00</b>	<b>00</b>
<b>Amortization and impairment</b>		
At beginning of the year	00	00
Amortization	00	00
<b>At end of the year</b>	<b>00</b>	<b>00</b>
Impairment loss	00	00
<b>At end of the year</b>	<b>00</b>	<b>00</b>
<b>NBV</b>	<b>00</b>	<b>00</b>

## 26. Biological Assets

Description	30.06.2025	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	00	00
Animals: Dairy Cattle, Pigs, Sheep	00	00
Others specify	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

## 27. Trade and Other Payables

Description	30.06.2025		30.06.2024	
	Kshs.		Kshs.	
Trade payables	00		00	
Retentions	2,364,879.17		0	
Accrued expenses	00		00	
Other payables	00		00	
<b>Total trade and other payables</b>	<b>2,364,879.17</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	00	%	00	%
1-2 years	00	100%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>100%</b>	<b>00</b>	<b>%</b>

## 28. Refundable deposits and prepayments from customers

Description	30.06.2025		30.06.2024	
	Kshs		Kshs	
Rent deposits	00		00	
Prepayments	00		00	
Others	00		00	
<b>Total</b>	<b>00</b>		<b>00</b>	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

## 29. Provisions

Description	30.06.2025		30.06.2024	
	Kshs.		Kshs.	
Balance at the beginning of the year	00		00	
Additional Provisions	00		00	
Provision utilised	(00)		(00)	
<b>Balance at the end of the year</b>	<b>00</b>		<b>00</b>	
Current Portion of provision	00		00	
Long term portion of provision	00		00	
<b>Total Provisions</b>	<b>00</b>		<b>00</b>	

## 30. Borrowings

The table below shows the classification of borrowings long-term and current borrowings:

Description	30.06.2025		30.06.2024	
	Kshs.		Kshs.	
Short term borrowings (current portion)	00		00	
Long term borrowings	00		00	
<b>Total</b>	<b>00</b>		<b>00</b>	

*County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	<b>00</b>	<b>00</b>
Borrowings during the year	00	00
Repayments of borrowings during the period	(00)	(00)
<b>Balance at end of the period</b>	<b>00</b>	<b>00</b>

The table below shows the Distribution of borrowings:

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
<b>Borrowings</b>		
Kenya Shilling loan from KCB	00	00
Kenya Shilling loan from Barclays Bank	00	00
Kenya Shilling loan from Consolidated Bank	00	00
Borrowings from other government institutions	00	00
<b>Total balance at end of the year</b>	<b>00</b>	<b>00</b>

### 31. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	00	00	00	00
Non-current benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

**32. Deferred Income**

Description	30.06.2025	30.06.2024
	Kshs	Kshs
National/County Government	00	00
International Funding Bodies	00	00
Public Contributions and Donations	00	00
<b>Total Deferred Income</b>	<b>00</b>	<b>00</b>

The deferred income movement is as follows:

Description	County government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	00	00	00	00
Additions during the year	00	00	00	00
Transfers to capital fund	(00)	(00)	(00)	(00)
Transfers to income statement	(00)	(00)	(00)	(00)
Other transfers	(00)	(00)	(00)	(00)
Balance carried forward	00	00	00	00

*Analysed as:*

Description	Amount
	Kshs
Current	00
Non- Current	00
<b>Total</b>	<b>00</b>

### 33. Social Benefit Liabilities

Description	30.06.2025	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	00	00
Unemployment social benefit scheme	00	00
Orphaned and vulnerable benefit scheme	00	00
PWD benefit scheme		
Elderly social benefit scheme	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
Current social benefits	00	00
Non- current social benefits	00	00
<b>Total (tie to totals above)</b>	<b>00</b>	<b>00</b>

### 34. Cash generated from operations

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>(46,200,346.00)</b>	<b>(9,900,920.00)</b>
Adjusted for:		
Depreciation	46,196,746.00	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	9,882,170.00
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables		-
<b>Net cash flow from operating activities</b>	<b>(3,600.00)</b>	<b>(18,750.00)</b>

### **35. Related party balances**

#### **a) Nature of related party relationships**

Entities and other parties related to the Municipality 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. The Municipality/scheme is related to the following entities:

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) Municipality Board; etc.

#### **b) Related party transactions**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfers from related parties'	00	00
Transfers to related parties	00	00

#### **c) Key management remuneration**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Board Members	00	00
Key Management Compensation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

#### **d) Due from related parties**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Due from parent Ministry	00	00
Due from County Government	00	00
Due from County Assembly	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**e) Due to related parties**

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Due to parent Ministry	00	00
Due to County Government	00	00
Due to Key management personnel	00	00
Due to County Assembly	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**36. Contingent liabilities**

Contingent liabilities	30.06.2025	30.06.2024
	Kshs.	Kshs.
Court case against the entity	00	00
Bank guarantees	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**37. Contingent Assets**

Contingent liabilities	30.06.2025	30.06.2024
	Kshs.	Kshs.
Court case against the entity	00	00
Others Specify	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

### **38. Financial risk management**

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on the 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 Municipality 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 City Municipality's financial risk management objectives and policies are detailed below:

#### **I. Credit risk**

The Municipality 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 assessments 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 Municipality'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 Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 20XX (current year)</b>				
Receivables from exchange transactions	00	00	00	00
Receivables from non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 June 20XX (previous year)</b>				
Receivables from exchange transactions	00	00	00	00
Receivables from non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

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 Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts due from-none.

The Municipality Board sets 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 Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the Municipality’s short, medium and long-term liquidity management requirements. The Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Municipality 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 Jun 2025 (current year)</b>				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 Jun 2024 (previous year)</b>				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

### **III. Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality 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 Municipality'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 Municipality'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 Municipality's exposure to market risks or the manner in which it manages and measures the risk.

### **IV. Foreign currency risk**

The Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		<b>Other currencies</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>At 30 June 2025 (current year)</b>			
Financial assets	00	00	00
Investments	00	00	00
Cash	00	00	00
Debtors/ receivables	00	00	00
<b>Liabilities</b>			
Trade and other payables	00	00	00
Borrowings	00	00	00

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund’s statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>2025 (current year)</b>			
Euro	10%	00	00
USD	10%	00	00
<b>2024 (previous year)</b>			
Euro	10%	00	00
USD	10%	00	00

**V. Interest rate risk**

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

**Management of interest rate risk**

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

**VI. Capital risk management.**

The objective of the Municipality’s capital risk management is to safeguard the Municipality’s ability to continue as a going concern. The Municipality capital structure comprises of the following Municipality:

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Revaluation reserve	0	0
Capital/Development Grants Municipality	675,101,069.00	-
Accumulated surplus	(150,638,780.00)	126,753,235.00
<b>Total Funds</b>	<b>524,462,289.00</b>	<b>126,753,235.00</b>
<b>Total borrowings</b>	-	-
Less: cash and bank balances	15,102,168.00	15,105,768.00
Net debt/ (excess cash and cash equivalents)	(15,102,168.00)	(15,105,768.00)
Gearing	-	-

**39. Program for Results (PforR) Disclosure**

<b>Name of the PforR: Kenya Urban Support Program. (KUSP 1)</b>	
<b>Financing Partners: World Bank Grant.</b>	
<b>Purpose of the PforR: Development</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	675,294,956.00
Actual expenditure in the current financial year.	
1. Employee Cost	00
2. Use of goods and Services	3,600
3. Grants and Subsidies	00
4. Building of ECDE facilities	00
5. Others (specify)	00
<b>Sub-total</b>	<b>3,600</b>
<b>Cumulative Actual Expenditures to date</b>	<b>675,298,556.00</b>

**40. PRIOR PERIOD ADJUSTMENTS**

**Note 40a : Prior Period Adjustment – Donor-Funded Assets**

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

In prior years, donor-funded infrastructure projects were expensed instead of being capitalized, resulting in a nil PPE balance. During FY 2023/24, management recognized previously unrecorded donor-funded PPE amounting to Kshs.101,765,297 and reclassified Kshs.9,882,170 from operating expenditure to PPE. This adjustment increased both property, plant and equipment and accumulated surplus, reconciling the variance between the Statement of Financial Position (Kshs.126,753,235) and the Statement of Changes in Net Assets (Kshs.15,105,768). Going forward, an updated Asset Register will be maintained to ensure proper capitalization of donor-funded assets in line with IPSAS 17.

**Note 40 b : Prior Period Error – Property, Plant and Equipment**

During the preparation of the financial statements for 2024/2025, it was noted that *Other Assets* within Property, Plant and Equipment were misstated in the prior year comparative disclosures. The balances have been restated to align with the audited financial statements.

• **Impact of Restatement on PPE – Other Assets:**

Description	2022/2023 (As Reported)	2022/2023 (Restated)	2023/2024 (As Reported)	2023/2024 (Restated)
Opening Balance (1 July 2022)	–	313,446,160	101,765,297	411,537,272
Additions	101,765,297	96,896,553	9,882,170	9,882,170
Closing Balance	101,765,297	411,537,272	111,647,467	421,419,442

**Note 40 c : Recognition of Donor-Funded Infrastructure Assets**

As at 30th June 2025, the County reported **Property, Plant and Equipment** with a carrying amount of **Kshs. 512.73 million** compared to **Kshs. 421.42 million** in the previous year. The assets consist of Solar Lighting and Associated Works, Motor Vehicles, and Road Infrastructure. During the year under review, **additions** amounting to **Kshs. 253.68 million** were capitalized, largely arising from completed projects. A **depreciation** charge of **Kshs. 46.20 million** was recognized for the year, while an additional **depreciation** of **Kshs. 117.18 million** was charged following adjustments made in line with IPSAS 17 requirements on componentization and recognition. Consequently, **accumulated depreciation** stood at **Kshs. 163.38 million** as at year-end. The **Net Book Value (NBV)** of the assets was **Kshs. 102.00 million** for Solar Lighting and Associated Works, **Kshs. 8.71 million** for Motor Vehicles, and **Kshs. 401.02 million** for Road Infrastructure. The **depreciation rates** applied are consistent with the guidelines issued by the Public Sector Accounting Standards Board (PSASB) and IPSAS17

**Note 40 d: Prior Period Retention Payable**

The Municipality has recognized retention payable of KShs. 2,364,879 relating to infrastructure works completed in prior periods. This liability has been recognized in the statement of financial position and does not affect the current year’s surplus.

**20. Appendices**

**Appendix 1. Progress on Follow up of Auditors Recommendations.**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
OAG/NRO/THIKA MUNICIPALITY/2023-2024(7)	3. Irregular Accounting of Infrastructure Project Payments	The accuracies were addressed in the resubmitted Annual FS. Depreciation has been according to the depreciation Schedule for Municipalities in line with IPSAS 17 and PSASB guidelines	Resolved	FY 24/25
OAG/NRO/THIKA MUNICIPALITY/2023-2024(7)	Unresolved Prior Year Matters	Were addressed in the resubmitted Annual FS response to the Management Letter	Resolved	FY 24/25



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*To be Signed by the Accounting officer of the Entity*

**County Government of Kiambu**  
**Thika Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Appendix 2: Inter-Entity Transfers**

MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of 00 County				
FY 2024/2025				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		<b>Total</b>	<b>00</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
			00	
		<b>Total</b>	<b>00</b>	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		<b>Total</b>	<b>00</b>	

*(The above amounts have been communicated to and reconciled with the parent Department in the County.)*



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 Signed by the Head of Accounts of the Entity and the transferring Entities

**Appendix 3: Reporting of Climate Relevant Expenditures**

Name of the Organization Thika Municipality  
 Telephone Number 0722287637  
 Email Address thikamunicipality@kiambu.go.ke  
 Name of CEO/MD/Head Gathii Kanyi

Name and contact details of contact person (in case of any clarifications) ..... Gathii Kanyi ...0722287637  
 .....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix 4: Disaster Expenditure Reporting Template**

Date: 30/06/2025

Entity: Thika Municipality.

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