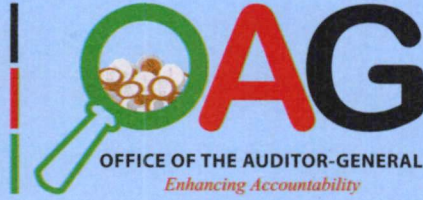


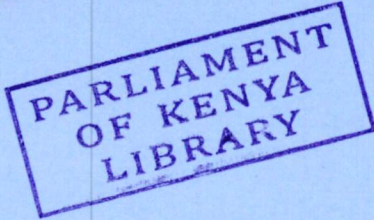
REPUBLIC OF KENYA



136



REPORT



OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	PS/P/2025
TABLED BY	GMH
COMMITTEE	
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**ELDAMA RAVINE WATER AND SEWERAGE
COMPANY LIMITED**

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

25



**ELDAMA RAVINE WATER AND SEWERAGE COMPANY
LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

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

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1. ACRONYMS AND GLOSSARY OF TERMS

NRW	Non-Revenue Water
IAS	International Accounting Standards
CECM	County Executive Committee Member
ICPAK	Institute of Certified Public Accountants of Kenya (ICPAK)
WSP	Water Service Provider
OAG	Office of Attorney General
SPA	Service Provision Agreement
CMT	Corporate Management Team
RRI	Rapid Response Initiative
NSSF	National Social Security Fund
WHO	World Health Organization
CRVWDA	Central Rift Valley Water Works Development Agency
WASREB	Water Service Regulatory Board
ERAWASCO	Eldama Ravine Water and Sewerage Company Limited
KEBS	Kenya Bureau of Standards

Eldama Ravine Water and Sewerage Company Limited
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2. KEY ENTITY INFORMATION

Background information

Eldama Ravine Water and Sewerage Company Limited was established in Kenya as a Public Limited Company under the provisions of the Company's Act Cap 486 on 15th December 2005 and started its operations on 15th January 2007. It took over the Management of Water Supply as a Service Provider within the mandated Jurisdiction of Eldama Ravine Sub-County and its environs after signing a Service Provision Agreement (SPA) with the then Rift Valley Water Works Development Agency (Licensee) on **15th January 2007**.

It gets its water supply from **Chemususu Dam**. The Company's shareholder is Baringo County Government. The Company is managed independently through a **Board of Directors** representing various Stakeholders.

Principal Activities

The principal activity of the Company consists of provision of water services within the Legal jurisdiction of Eldama Ravine Town and its Environs.

Vision.

To be a model of excellence in Water Provision.

Mission.

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

Core objectives.

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

Directors

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

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

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

Corporate Secretary

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

+254721-471-804

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

Registered Office

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

Corporate Headquarters

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

Corporate Contacts

Telephone: 2540794 257 299

E-mail: erawasco2007@yahoo.co.uk

Corporate Bankers

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

Bank Account Numbers:

(i) 1161792953

(ii) 1118994051

Independent Auditors

Auditor General,
Office of the Auditor General,
Anniversary Towers, University Way
P.O. Box 30084,
GPO 00100
NAIROBI, KENYA.

Principal Legal Advisers

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


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

Eldama Ravine Water and Sewerage Company Limited
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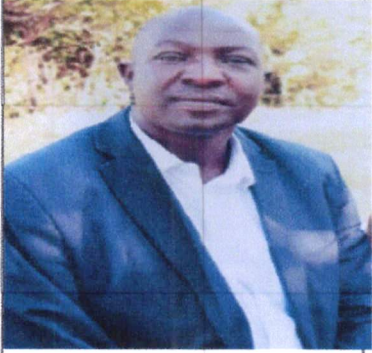
3 BOARD OF DIRECTORS

S/N O.	NAME	POSITION	QUALIFICATIO NS	RESPONSIBILI TY
01.	JOSHUA KIPROP KIBET	Board Chair		Business Community Representation
02.	KIPKORIR GIKONO KIPTOO	Board Member		Women in Business Representation
03.	ALLAN SOGOMO	Board Member		Institutional Environment
04.	BEN KOITABA	Board Member		(CO Water and Irrigation) Baringo County

**Eldama Ravine Water and Sewerage Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025**

05.	DR. WINNIE BORE	Board Member		(CO Finance) Baringo County
06	ISSAC KIPNGENY RONO			
07	RHODA JEPKEMOI BUNGEI			
08.	<p>ZEPHANIA KURERE</p> 	Managing Director/Company Secretary	-	Ag. Managing Director and in charge of Technical Services.

4 KEY MANAGEMENT TEAM

S/N O.	NAME	POSITION	QUALIFICATIO NS	RESPONSIBILI TY
01.	ZEPHANIA KURERE 	Managing Director	-	Ag. Managing Director and in charge of Technical Services.
02	JOSEPH KONGA KIPROP	Finance/Accounts	-BBAM-Finance Option -CPA/CCA -Diploma in Project Management	
03	JUDY CHIRCHIR	Human Resource/Administration		
04	GREIG KIPTANUI	Technical Services		

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

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

5 CHAIRMAN'S STATEMENT

Introduction

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

Overview

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

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

Overall Organizational Performance

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

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

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

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

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

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

Corporate Governance Issues

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

Disclosures

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

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

Conclusion

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

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

Thank You

Signature.....



Date.....

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

6 REPORT OF THE MANAGING DIRECTOR.

Introduction

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

Overview

During the year under review, the Company reached out the areas requiring Water Services and was able to increase its revenue base through completion of distribution network.

Sewerage

Currently sewerage services are being provided by Baringo County Government.

Maintenance

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

Water Sector Reforms

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

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

Training, Capacity Building and Human Resources Development

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

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

Performance Management

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

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

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

Public Relations

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

International Standards Organization (ISO)

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

Health and Safety

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

Corporate Social Responsibility

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

Internal Control Systems and their Adequacy

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

Disclosures

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

Conclusion

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

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

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

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

Thank you.

Mr. Zephania Kurere
Name



..... 4/12/2025
Date

Ag. Managing Director/Technical Manager,
Eldama Ravine Water and Sewerage Company Limited

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

**7 STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2024/2025**

Eldama Ravine Water and Sewerage Company Limited (ERAWASCO) has Strategic pillars and objectives within its strategic Plan for the year 2023-2028, it focuses on the twin theme of improving water supply infrastructure and the enhancement of service delivery to the clients. It is recognized that a significant section of the water supply infrastructure currently in place was established more than 30 years ago and has inadequate capacity to supply the growing population.

The strategic Plan for 2023-2028 is hinged on the following key strategic objectives:

1. To develop effective Human Resource capacity for efficient corporate governance to meet Shareholder, stakeholders and clients' demands
2. Improve water and infrastructure
3. To operate efficiently, reduce non-revenue water and improve the billing system
4. To protect the environment and water catchment areas as well as check the quality of potable water
5. To improve on the quality of data and dissemination of information as well as communication with stakeholders
6. To increase revenues
7. To continue mainstreaming cross cutting issues: Gender, HIV/AIDS and corruption
8. Maximize the utility of ERAWASCO Fixed and Current Assets

To achieve the commercial aspects of the above, the company would implement a comprehensive corporate business plan focusing on:

- i. Reduce NRW from the current 54% to at least 40% by the fourth year of this plan
- ii. Increase customer connections by 50% by the fourth year of the plan
- iii. Reduce billing related complaints from the current 10% to 1% by year four of plan
- iv. Improve collection efficiency from 95% to 100% by year four of this plan
- v. Continuous negotiations with the Government and development partners with an intention of bringing down the cost of debts by the Company to 25% from the current estimated 75%.
- vi. Initiation of PPP arrangements
- vii. Ensure strict monitoring of the implementation of the Strategic and Business plans
- viii. Implementation of effective risk mitigation and management strategies
- ix. Application of new tariff structure as recommended by the tariff review consultancy.

Achievements

- The company continues to be a leading WSP in the sub county despite numerous challenges, old and dilapidated infrastructure, and financial constraints.
- Environmental issues have taken lots of priority. ERAWASCO has established Laboratory system capable to monitor water quality and is in the process of procuring modern equipment's. The company often gets routine surveillance monitoring from CRVWDA

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

Progress Made to-date

- New treatment Plant in Chemususu T.works is complete and is in full use.
- The Company have applied for the new tariff through the newly formed Chemususu water Company and the public participation process has been conducted and awaiting Gazettement of the new Tariff

Water Demand in Eldama Ravine

Eldama Ravine town is home to a large market for permanent and passing population. Some large institutions e.g. Baringo school with a student population of 1500 as at 2021, Eldama Ravine Referral Hospital, are also located within the town. Commercials and other numerous colleges and schools are based within town.

Currently the water supply coverage is about 56% of population within the boundaries of Eldama Ravine. This represents a population of approximately 22,470 people
 Eldama Ravine is highly commercial Town and the rate of population and industrial (light industries) growth is equally high. Soaring water demand emanates from high water-demanding commercials and residential

It is recommended that every 3 years, the technical team, marketing and sales department work together to assess the water and sanitation demands, within the constraints of the market and propose appropriate tariffs for consideration by the Management.

Table I summary of projected water demand for area

Consumer category	Water demand(m ³ /day)			
	Present	Initial	future	ultimate
	2025	2026	2027	2028
Human	12,500	15,000	16,200	17,010
Livestock	1,430	1,550	1,650	1,730
Institutional and commercial	2,160	2,800	3,900	6,260
Sub total	16,090	19,350	21750	25,000
UFW/NRW (30%)	4,827	5,805	6,525	7,500
TOTAL	20,917	25,155	28,275	32,500

Increasing Water Supply to meet Demand

Treatment works at Chemususu is currently undergoing expansion. For the planning period 2023-2028, it is projected to produce further 5,000 m³ daily, bringing total daily productions to 7,500m³.

At the same period, we expect to energize the dry empty pipelines that have not been getting any water.

If all the above, as extensively discussed in the strategic planning meeting, are implemented the production capacity will be as shown in the table below:

In order to achieve the desirable economic and social benefits related to the provision of adequate water supply and sanitation services the company may adopt funding in three basic forms:

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

- (1) Funds for capital investment in infrastructure to extend basic services to those without,
(2) Funds for ongoing provision of water.
(3) Funds to develop the capacity of water services institutions.

Because water is inextricably linked to the environment, the financial and pricing arrangements should also take into account the effects of the use of water services on the environment. Beyond these social and environmental mandates, water services will be managed in terms of normal financial and economic principles (commercial) that will be applied to the financing and pricing of water services that are not basic services, provided that environmental impacts are appropriately managed.

Table II water supply verses demand and sales per day

	supply(m ³ /day)	demand(m ³ /day)	Deficit /surplus(m ³ /day)	Sales @50/=per m ³	Surplus sold as bulk
2025	22500	17,500	6000	945,000	90,000.00
2026	24600	19,600	6000	1,033,200	90,000.00
2027	24600	25,600	1000	1,075,200	90,000.00
2028	32500	27,500	5000	1,375,000	250,000.00

Strategic Objectives

Based on the situational analysis and strategic plan the following have been identified as the main strategic objectives:

1. To develop effective HR capacity for efficient corporate governance to meet stakeholders and clients' demands
2. Improve water infrastructure
3. To operate efficiently, reduce non-revenue water and improve the billing system
4. To protect the environment and water catchment areas as well as check the quality of potable water
5. To improve on the quality of data and dissemination of information as well as communication with stakeholders
6. To increase revenue
7. To continue mainstreaming cross cutting issues: Gender, HIV/AIDS and corruption
8. Maximize the utility of ERAWASCO Fixed and Current Assets

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

Eldama Ravine water and Sewerage Company Limited Performance targets set for the year 2024/2025 are show in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Recruit board of directors	Improved capacity in Governance IT Resource mobilization financial management	Information has been given to shareholders to fast truck the recruitment process.	Requirement obtain for the process of recruitment	Board of directors took office in 28 th February 2025
Strengthened staff skills	To improve on performance and service delivery	List of staff and key areas has been identified to be focused.	Undertake staff training needs assessment	Schedule to take place before the end of year.
Develop modern human resource capacity	Have standard appraisal mechanism in place	Planning has been put in place awaiting Board of Directors for approvals and execution.	Develop performance, appraisal tools	All requirements put in place including documentations
Improve water Capacity	To improve on revenue base and increase coverage	Chemususu dam completion, construction of more water tanks and pipeline extension	Chemususu dam completion, construction of more water tanks and pipeline extension	Chemususu dam completed pipe extension 80% completed. More tanks have been constructed.
Reduction of NRW	To minimize water loss and increase customer satisfaction	Current state at 54% of water loss is unaccounted for.	Survey reports to be done. Installation of water meters in identified key area ongoing	Survey reports has been done

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

8 CORPORATE GOVERNANCE STATEMENT

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

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

Baringo County Government is the sole shareholder and has recruited the Board of Directors who have been inducted and to take office in the financial year 2024/2025. However, the CHEWASCO current board of directors are responsible for the ERAWASCO operations as they transit to CHEMUSUSU Water Company.

For and on its behalf;

Mr Joshua Kibet   
Chairman **Sign** **Date**
ERAWASCO /CHEWASCO LTD

Mr. Zephania Kurere   
Sign **Date**

Ag. Managing Director/Technical Manager
Eldama Ravine Water and Sewerage Company Limited

Eldama Ravine Water and Sewerage Company Limited
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9 MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year under review, the Company reached out to the areas requiring Water Services. Although there is low performance and low revenue base the company strives to enhance its service delivery levels through completion of Chemususu Treatment plant and the distribution network which will be able to reach more consumers.

Performance

The company's performance has been disclosed in page 1 to 6 of the financial reports

Revenue items

The total Company's income for the financial year 2024/2025 was **Kshs. 49,115,342.00**. The main source of income is Water Sale contributing **100%** of the total income

Accounts Receivables

Accounts receivables increased by **Kshs. 2,122,775.00** that is from **Kshs. 44,195,795.00** to **Kshs. 46,318,570.00**.

Expenditure Items

The total expenditure for the year amounted to **Kshs. 51,654,079.00**

Accounts Payables

Accounts payables increased by **Kshs. 7,842,147.00** that is from **Kshs. 84,506,730.00** to **Kshs. 92,348,877.00**. Delay to clear these liabilities was highly contributed by the fact that we have a lot of outstanding debts from consumers and especially those we inherited from the licensee whose collectability is in doubt. However, the Company through the assistance of licensee endeavors to recover this amount and reduce the liabilities to a manageable level.

Operating deficit

The Company's operational loss for the year ended 30th June 2025 was **Kshs. (2,199,737.00)** This was from a surplus of **Kshs. 3,113,565.00** in the year ended 30th June 2024. The management has imposed strict measures in ensuring that it increases the revenue base and collections thereof hence reduction of deficits in future.

The resultant deficit is posted to the General Reserve Account as required by the company's Act Cap 486 Laws of Kenya.

Rapid Results Initiative (R.R.I)

The level of Non-Revenue Water (NRW) poses considerable challenges to the efforts of the company to operate in a financially sustainable manner. The level of NRW decreased from **66%** in the year **2024** to **54%** in the year **2025**. We are putting all our efforts in ensuring that we regulate the rate of unaccounted for water to a manageable level. To account for the water produced, we have gradually and consistently installed water meters to our consumers. We have also ensured that leaks and bursts are attended to on time. In addition, we have been making frequent and surprise visits to our consumers in a view of advising them on ways of conserving water. We are in the process of acquiring master/zonal meters in order to establish how much water is lost and where.

Eldama Ravine Water and Sewerage Company Limited
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Other Challenges

In the year under review, the company faced challenges which put pressure on profitability in various segments of its operations. These were:

- (i) Rampant illegal connections due to private plumbers
- (ii) Eldama Ravine Town has not witnessed any appreciable increase in industrial activities.
- (iii) The Main Shareholder (Baringo County Government) has not handed over the control of sewerage services to the company which could have boosted the company's revenue base.
- (iv) Metering Services: - The Company has not managed to meter all consumers due to lack of enough meters and fittings for installations that could serve the high demand in terms of consumers due to lack of funds.
- (v) The Company's current water distribution network cannot serve the bloated population within its area of Jurisdiction
- (vi) Leakages/ bursts due to aged pipeline systems.
- (vii) Increase in creditors which hinder the smooth running of the operations by the organization.

Water Extension Projects.

Water distribution Network from the Chemususu Main supply financed by the National Government is ongoing.

Sewerage

Currently sewerage services are being provided by Baringo County Government.

Maintenance

The main works carried out composed of pipe fittings, inspection of water works and machineries, cleaning of sedimentation tanks at Chemususu Treatment Works. This would improve on the quality of water supplied.

Training, Capacity Building and Human Resources Development

The Company values and appreciates the enormous contribution and commitment of personnel towards improved performance. In this regard, the company is focusing in developing its human capital and enhancing the skills and abilities for the personnel development as well as towards meeting the company's business challenges. The training process will always be customized to suit the specific needs of the company, its customers, stakeholders and all-round development of personnel. However, the Company has not been able to either carry out this requirement due to the financial constraints, to meet this requirement the Company will approach the Licensee to assist in building the Capacity of the employees.

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

Performance Management

In response to the emerging challenges, the company is putting up measures to taking up several steps to improve and sustain its role leadership in the water sector. In addition, strategic business planning and periodic business review will be invigorated and strengthened. The company is in the process of establishing a performance management system where the Board of Directors and the Corporate Management Team (C.M.T) are going to be appraised of their performance. Through this system all the company staff will be appraised as well. From the performance appraisals, skill gaps established, will be filled through training and capacity building.

Public Relations

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

International Standards Organization (ISO)

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

Health and Safety

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

Corporate Social Responsibility

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

Corporate Governance Issues

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

Internal Control Systems and their Adequacy

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

Company's Operations

Eldama Ravine Water and Sewerage Company operates Chemususu Water Supply as its main source of water and hence revenue to cater for its operations and maintenance. The Company draws its water from Chemususu dam and distributes it by gravity to an estimated population of 62,006people within the area of supply with an average production of 5500m³ per day.

The Government through the National Water and Pipeline Corporation has completed constructing a dam at Chemususu with a capacity of 11,000,000m³ and an estimated production of 35,000m³ per day at the ultimate period. However, the construction of the distribution network is ongoing and is expected to meet the demands of its consumers and

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

also will be able to extend to the new consumers hence expectations in the increase in revenue base.

Disclosures

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

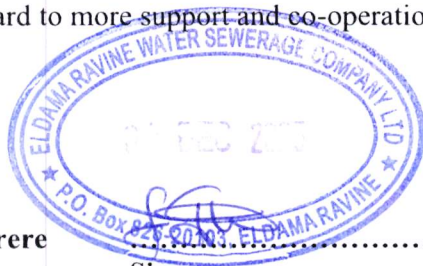
Conclusion

Now that the distribution network project is almost complete, the company expects to improve on pipe extension with a view to selling more water and thus increase the revenue collection. This will enable the company improve service provision. Finally, I would like to thank the Baringo County Government, Central Rift Valley Water Works Development Agency (CRVWWDA), the staff and all our consumers for their support during the year.

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

Thank you.

Mr. Zephania Kurere



Sign

4/12/2025

Date

Ag. Managing Director/Technical Manager,
Eldama Ravine Water and Sewerage Company Limited

10 ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sustainability strategy and profile

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

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

Environmental performance

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

Employee welfare

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

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

Water quality Control.

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

Employee Relations/Fair remunerations

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

Customer service

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

Approved Tariffs.

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

Community Engagements

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

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

11 REPORT OF THE DIRECTORS

The county Government of Baringo have formed a new water Company (CHEWASCO) and constituted a board of directors under the expanded mandate attained from the Service Provision Agreement (SPA). The main aim is to take over its operations from the existing Company (ERAWASCO).

Principal activities

The principal activity of the Company is the provision of water services within the legal jurisdiction of the defunct Town Council of Eldama-Ravine.

Financial Results

The results of the entity for the year ended June 30, 2025 are set out on page 1-6.

Dividends

The Company did not declare any dividends during the period under review

Board of Directors

The new Board has been constituted under the new formed Company CHEMUSUSU water Company and will oversee the transition of the ERAWASCO to Chemususu which will involve an execution agreement on its assets and liabilities transfers.

Auditors

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

By Order of the Board

Mr. Zephania Kurere

Company Secretary/Secretary to the Board
Eldama Ravine Water and Sewerage Company Limited



Sign

4/12/2025

Date

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

12 STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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



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

Approval of the financial statements

The Company's financial statements were approved by the Board and signed on its behalf by:

Mr. Joshua Kibet  
Sign Date

Chairman
ERAWASCO /CHEWASCO LTD

Mr. Zephania Kurere  
Sign Date

Ag. Managing Director/Technical Manager
Eldama Ravine Water and Sewerage Company Limited

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ELDAMA RAVINE WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Eldama Ravine Water and Sewerage Company Limited set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other

Report of the Auditor-General on Eldama Ravine Water and Sewerage Company Limited for the year ended 30 June, 2025

comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Eldama Ravine Water and Sewerage Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Material Uncertainty Related of Sustainability of Services

The Company reported deficit for the year amounting to Kshs.2,191,737 increasing the accumulated deficit as at 30 June, 2025 to a balance of Kshs.52,718,348. Further, the statement of financial position reflects current assets totalling Kshs.52,471,206 against current liabilities totalling Kshs.92,348,877 resulting to negative working capital of Kshs.39,877,671 and current ratio of 0.57. The negative liquidity position was an indication of the existence of material uncertainty on the Company ability to continue as a going concern.

The financial statements however, were prepared on a going concern basis on the assumption that the Company will continue to receive financial support from the County Government and its creditors. Management did not disclose the material uncertainty related to sustainability of services or measures taken to mitigate this.

In the circumstances, the Company may not meet its short-term financial obligations when they fall due and the sustainability of the Company could not be confirmed.

2. Inaccuracies in the Financial Statements

2.1 Errors in the Statement of Cash Flows

The statement of cash flows reflects increase in cash and cash equivalents balance of Kshs.2,937,622. However, re-cast of the statement revealed a balance of Kshs.11,983,754 resulting to an unexplained and unreconciled variance of Kshs.9,046,132.

2.2 Errors in the Operating Expenses

The statement of profit or loss and other comprehensive income reflects total operating expenses amounting to Kshs.42,350,225. However, review of other information in respect of management discussion and analysis reflects total expenditure amounting to Kshs.51,654,079 resulting to an unexplained and unreconciled variance of Kshs.9,303,854. Further, the statement of profit or loss and other comprehensive income and statement of changes in equity reflects deficit a balance of Kshs.2,191,737. However,

re-cast of the statements revealed an amount of Kshs.2,199,737 resulting to an unexplained and an unreconciled variance of Kshs.8,000.

2.3 Variance in the Statement of Comparison of Budget and actual Amount

The statement of comparison of budget and actual amounts reflects three (3) expense items not disclosed in the statement of profit or loss and other comprehensive income as tabulated below:

	Amount Statement of Comparison of Budget and actuals (Kshs)	Statement of Profit or Loss and Other Comprehensive Income (Kshs)	Variance (Kshs)
Production and Maintenance Costs	8,428,000	8,964,854	(536,854)
Storage & Distribution Costs	5,360,000	0	5,360,000
Operation Costs	11,391,400	16,012,174	(4,620,774)

2.4. Misalignment of Notes to the Financial Statements

Review of the financial statements revealed that the notes to the financial statements were not aligned to the notes on the statement of profit or loss and other comprehensive income and statement of financial position. This was contrary to Regulation 101(4) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor-General with a copy to the County Treasury, the Controller of Budget and The National Treasury.

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

3. Inaccuracies in Trade and Other Payables

The statement of financial position reflects accounts payables balance of Kshs.92,348,877. The disclosure note incorrectly referred to Note 21 instead of Note 20. However, re-casting the balances disclosed in Note 21 revealed a balance of Kshs.92,361,635 resulting in an unexplained and unreconciled variance of Kshs.12,758. Further, review of the supporting ledger revealed a balance of Kshs.91,308,352 resulting to an unexplained and unreconciled variance of Kshs.1,040,525. In addition, creditors ageing analysis and movement schedule were not provided for audit.

Similarly, included in the balance are unremitted statutory and SACCO deductions recovered from employees that had not been remitted to various institutions amounting to Kshs.61,620,689 and Kshs.1,745,709 thereby exposing the Company to further penalties and interest that are avoidable.

Further, the trade and other payables include customer and water meter deposits balances of Kshs.5,110,000 and Kshs.3,743,400 respectively which are not held in a designated bank account.

In addition, included in the balance are deductions from employees to various sacco totalling Kshs.20,307,573 that were not supported by ledgers detailing the names of employees, their payroll numbers, how much contribution and pension is deducted from each employee.

In the circumstances, the accuracy, completeness, presentation and disclosure of trade and other payables balance of Kshs.92,348,877 could not be confirmed.

4. Unsupported Trade and Other Receivables Balance

The statement of financial position reflects accounts receivables balance of Kshs.46,318,570. However, the disclosure note incorrectly referred to Note 18 instead of Note 17. Further, debtors ageing analysis was not provided for audit. In addition, provisions for bad and doubtful debts have not been disclosed in the financial statements.

In the circumstances, the accuracy, completeness and recoverability of accounts receivables balance of Kshs.46,318,570 could not be confirmed.

5. Long Outstanding Grant - Inherited Debts

As previously reported, the statement of financial position reflects granted - inherited debts balance of Kshs.13,209,459 which is part of equity. The debts have remained outstanding since inception of the Company in 2007 and comprise of unpaid water bills and salaries of Kshs.11,592,483 and Kshs.1,616,976 respectively. However, no explanations for failure to settle the debts have been provided. Further, no explanation has been provided for disclosing this debt as equity.

In the circumstances, the accuracy, completeness and existence of grant inherited debts of Kshs.13,209,459 and the corresponding assets could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.58,970,400 and Kshs.49,115,342 resulting to income shortfall of Kshs.9,855,058 or 17% of the budget.

The under-funding affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

In the prior year audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Company in 2024/2025 revealed that the following nine (9) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Trade and Other Payables
2	2023/2024	Grant - Inherited Debts
3	2023/2024	Unsupported Provision for Bad and Doubtful Debts
4	2023/2024	Budgetary Control and Performance
5	2023/2024	Prior Year Unresolved Issues
6	2023/2024	Non-Revenue Water
7	2023/2024	Lack of Board Work Plan
8	2023/2024	Failure to Establish Internal Audit Unit and Audit Committee
9	2023/2024	Lack of Approved Tariffs

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Revenue Water

During the year under review, the Company produced 1,793,329 m³ of water produced, out of which only 816,778 m³ were billed to customers for an amount of Kshs.27,198,707.40. The balance of 976,551 m³ (or 54%) of the total volume of water produced represented non-revenue water which is above the allowable loss of 25% as per the Water Services Regulatory Authority Board guidelines. The non-revenue water loss resulted in lost sales amounting to Kshs.32,519,148.30 computed at the rate Kshs.33.30 per cubic meter. Management has not explained the measures which have been put in place to control the losses.

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

2. Irregular Procurement of Water Treatment Chemicals

The statement of profit or loss and other comprehensive income reflects cost of sales amounting to Kshs.8,964,854 which includes an amount of Kshs.8,189,230 in respect of purchase of water treatment chemicals and as disclosed in Note 7 to the financial statements. Review of the procurement records revealed that the purchases were incurred through direct method which was not supported with evidence for use of the direct procurement. This was contrary to Regulation 90(1) (a) of the Public Procurement and Assets Disposal Regulations, 2015 and Section 103(2) of the Public Procurement and Assets Disposal Act, 2015.

Further, out of the eight (8) registered suppliers for the supply and delivery of water treatment chemicals, only one (1) supplier was awarded to supply the treatment chemicals contrary to Regulation 91(5) of the Public Procurement and Asset Disposal Regulations, 2020 which requires a fair and equitable rotation amongst the persons on the list of registered suppliers.

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

3. Irregular Engagement of Casual Employees

The statement of profit or loss and other comprehensive income reflects compensation of employees amount of Kshs.21,328,983 which includes an amount of Kshs.4,120,192 in respect of casual employees. However, the disclosure note incorrectly referred to Note 11 instead of Note 10. Further, supporting documents indicating how temporary employees were hired, the work for which they were hired, reason for their recruitment and terms and conditions of services. In addition, muster rolls showing attendance of the casual workers were not also provided for audit review. This was contrary to Section 74 of the County Governments Act, 2012 which states that the County Public Service Board shall regulate the engagement of persons on contract, volunteer and casual workers, staff of joint ventures and attachment of interns in its public bodies and offices.

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

4. Lack of Staff Performance Appraisals

The Water Company has not designed a performance management plan to evaluate performance of the county public service and the implementation of county policies. Further, the performance of all employees was not evaluated and feedback on performance reported at the end of the year. This was contrary to Section 47 (1) of the County Government Acts, 2012 which requires each county executive committee to design a performance management plan to evaluate performance of the county public service and the implementation of county policies and Section C.5. (1) of the County Public Service Human Resource Manual, 2013 that requires Staff Performance Appraisal to apply to all categories of staff in the county public service.

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

5. Non-Compliance with Ethnic Composition

Review of the human resource records revealed that fifty-one (51) or 96% out of fifty-three (53) staff employed by the Company were from the dominant ethnic community. This was contrary to Section 65 (1)(e) of the County Governments Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management and Fraud Policies

In the financial year under review, the Company did not have in place a customized Risk Management Policy and Fraud Policy. Therefore, there were no approved processes and guidelines on how to mitigate operational, legal and financial risks. In addition, the management did not conduct a formal risk assessment.

In the circumstances, the Management is not in a position to identify individuals' risks, significance areas, likelihood of occurrence of identified risks and appropriate control measures.

2. Lack of Approved Tariffs

The statement of profit or loss and other comprehensive income reflects water sales amounting to Kshs.43,076,507 and as disclosed in Note 6 to the financial statements. However, the Company was billing customers using tariffs that expired in the year 2008. Therefore, the tariff used was not authorized contrary to the provisions of Section 72(1)(b) of Water Act, 2016 which states that Water Services Regulatory Board (WASREB) shall evaluate and recommend water and sewerage tariffs to the county water service providers.

In the circumstances, use of expired and unauthorized tariffs may result in incorrect billing, revenue loss and potential disputes with customers, thereby exposing the Company to financial, legal, and operational risks.

3. Ineffective Management and Control of Inventories

The statement of financial position reflects inventories balance of Kshs.991,750. However, review of the store records revealed that Management did not maintain documents recording the movement of inventories from the supplier and to the user departments. This was contrary to Section 162 of the Public Procurement and Asset Disposal Act, 2015 which states that, "an Accounting Officer of a procuring entity shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity".

In the circumstances, failure to maintain proper inventory movement records increases the risk of loss, misuse, or misappropriation of inventories.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

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

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025

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

14 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025				
			2025	2024
	Notes		Kshs.	Kshs.
REVENUES				
Water Sales	6		43,076,507	32,550,479
Other Income	9		6,038,835	4,629,743
Grant in Kind-Baringo County Government			-	-
Grant in Kind-Water Sector Trust Fund			-	-
TOTAL REVENUES			49,115,342	37,180,222
COST OF SALES				
Goods and services	7		8,964,854	4,893,125
Gross Surplus			40,158,488	32,287,097
OPERATING EXPENSES				
Personnel costs	11		21,328,983	15,823,221
Administrative expenses	10		3,129,883	2,057,433
Depreciation of PPE.	16		61,237	27,760
General Operating Cost	13		16,012,174	10,381,219
Finance costs	12		116,798	149,648
Directors Expenses	14		1,701,150	734,251
TOTAL OPERATING EXPENSES			42,350,225	29,173,532
OPERATING PROFIT/(DEFICIT)			(2,199,737)	3,113,565
PROFIT/(DEFICIT) BEFORE TAXATION			(2,199,737)	3,113,565
CORPORATION TAX 30%			-	934,070
PROFIT/(DEFICIT) AFTER TAXATION			(2,191,737)	2,179,496

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

15 STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 30 th JUNE 2025.			
	Note	2025	2024
		Kshs	Kshs
ASSETS			
Current Assets			
Cash and cash equivalents	19	5,092,886	2,155,264
Accounts Receivables	18	46,318,570	44,195,795
Inventories	17	991,750	687,500
Utility Deposits		68,000	68,000
Total Current Assets		52,471,206	47,106,559
Non-Current Assets			
Property plant and equipment	17	468,782	191,019
Total Non-Current Assets		468,782	191,019
TOTAL ASSETS		52,939,988	47,297,578
LIABILITIES			
Current Liabilities			
Accounts payables	21	92,348,877	84,506,730
Total Current Liabilities		92,348,877	84,506,730
Equity			
Share Capital	20	100,000	100,000
Grant-Inherited Debts		13,209,459	13,209,459
Accumulated Loss		(52,718,348)	(50,518,611)
Total Equity		(39,408,889)	(37,209,152)
TOTAL EQUITY AND LIABILITIES		52,939,988	47,297,578

Name: Joshua Kibet

Sign..... *[Signature]* Date..... *4/12/2025*

Designation: Chairman ERAWASCO/ CHEWASCO LTD

Name: Zephania Kurere

Sign..... *[Signature]* Date..... *4/12/2025*

Designation: Ag. Managing Director ERAWASCO LTD

Name: Joseph K. Kong'a

Sign..... *[Signature]* Date..... *4/12/2025*

Designation: Accountant/Finance

ICPAK M/NO: 307514



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

16 STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025								
	Note	Ordinary Share Capital	Revaluation Reserve	Fair Value adjustment reserve	Retained Earnings	Proposed dividends	Capital/Development Fund	Total
At July 1,2024		100,000	-	-	(60,793,978)	-	13,209,459	(47,484,519)
New capital issued		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Surplus/Deficit for the Year		-	-	-	2,179,496	-	-	2,179,496
Adjustment		-	-	-	8,095,871	-	-	8,095,871
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June,30 2024		100,000	-	-	(50,518,611)	-	13,209,459	(37,209,152)
		-	-	-	-	-	-	-
At July 1,2024		100,000	-	-	(50,518,611)	-	13,209,459	(37,209,152)

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

New capital issued	-				-			-
Transfer of excess depreciation on revaluation	-	-	-		-	-	-	-
Deferred tax on excess depreciation	-	-	-		-	-	-	-
Fair value adjustment on quoted investments	-	-	-		-	-	-	-
Surplus/Deficit for the Year	-	-	-		(2,199,737)	-	-	(2,199,737)
Adjustment	-	-	-		-	-	-	-
Capital/Development grants received during the year	-	-	-		-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-		-	-	-	-
Dividends paid – prior year	-	-	-		-	-	-	-
Interim dividends paid – current year	-	-	-		-	-	-	-
Proposed final dividends	-	-	-		-	-	-	-
At June 30,2025	100,000	-	-		(52,718,348)	-	13,209,459	(39,400,889)

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

17 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		52,820,867	37,052,772
Grants Income		-	-
Finance Income		-	-
Other Income		36,875	127,450
Customer Deposits		2,093,000	868,000
Total Receipts		54,950,742	37,052,772
Payments			
Staff Costs		21,328,983	15,823,221
General And Operation Expenses		18,499,567	11,794,746
Board Expenses		1,701,150	734,251
Maintenance Expenses		981,490	643,906
Finance Costs		116,798	149,648
Refund Of Customer Deposits		-	-
Total Payments		42,627,988	29,145,772
Net Cash From/ (Used In) Operating Activities		12,322,754	7,907,000
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		339,000	-
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Purchase Of Investment Property		-	-
Purchase Of Quoted Investments		-	-
Proceeds From Disposal of Quoted Investments		-	-
Net Cash From/ (Used In) Investing Activities		339,000	-
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		-	-
Proceeds From Borrowings		-	-
Repayment Of Borrowings		-	-
Dividends Paid		-	-
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		2,937,622	1,198,087
Cash And Cash Equivalents At Beginning of Year		2,155,264	957,177
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End of the Year		5,092,886	2,155,264

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

18 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original Budget 2024-2025	Adjustments 2024-2025	Final Budget 2024-2025	Actual on comparable basis	Performance Difference 2024-2025	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
REVENUE						
Water Sale	42,890,400	-	42,890,400	43,076,507	186,107	100%
Labour charges	5,500,000	-	5,500,000	3,253,770	(2,246,230)	59%
Reconnection Fees	120,000	-	120,000	53,360	(66,640)	44%
Meter Deposits	-	-	-	2,694,830	2,694,830	-
Other Miscellaneous Income	200,000	-	200,000	36,875	(163,125)	18%
Total Income	48,710,400	-	48,710,400	49,115,342	404,942	100%
GRANT/SUBSIDY						
Baringo County Government	10,260,000	-	10,260,000	-	(10,260,000)	-
TOTAL ESTIMATED INCOME	58,970,400	-	58,970,400	49,115,342	(9,855,058)	83%
EXPENSES						
Personnel Expenses	26,467,879	-	26,467,879	21,328,983	(5,138,896)	80%
Operational Costs	11,391,400	-	11,391,400	10,887,022	505,378	96%
Administrative Expenses	4,641,121	-	4,641,121	3,129,883	(1,502,238)	67%
Production and Maintenance costs	8,428,000	-	8,428,000	9,023,354	594,354	107%
Storage & Distribution costs	5,360,000	-	5,360,000	5,066,652	(293,348)	95%
Board of Directors Expenses	2,000,000	-	2,000,000	1,701,150	(298,850)	85%
Finance Costs	250,000	-	250,000	116,798	(133,202)	47%
Depreciation	32,000	-	32,000	61,237	29,237	191%
Company Investment	400,000	-	400,000	-	(400,000)	-
Total Expenditure	58,970,400	-	58,970,400	51,315,079	(7,316,321)	88%
Surplus/(Deficit) for the period	-	-	-	(2,199,737)		

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

19 NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Eldama Ravine Water and Sewerage Company Limited was established in Kenya as a Public limited Company under the provisions of the Companies' Act Cap 486 on 15th December 2005 and started its operations on 15th January 2007. It took over the Management of Water Supply as a Service Provider within the mandated Jurisdiction of Eldama Ravine Sub-County and its environs after signing a Service Provision Agreement (SPA) with the then Rift Valley Water Works Development Agency (Licensee) on **15th January 2007**.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2. Statement of Compliance and Basis of Preparation

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

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

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

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

i. Early adoption of standards

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

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

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

Summary of Accounting Policies

a) In-kind contributions

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

b) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

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

c) Depreciation and impairment of property, plant and equipment

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

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

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

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

d) Intangible assets

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

e) Amortization and impairment of intangible assets

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

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

amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

f) Inventories

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

g) Trade and other receivables

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

h) Taxation

i) Current income tax

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

a) 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 the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

j) Trade and other payables

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

k) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2023. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act.

l) Provision for staff leave pay

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

m) Budget information

The original budget for FY 2024-2025 was approved by the Board on 14th July 2024. The entity'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

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

the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Note 18 of page 6 of these financial statements.

n) Comparative figures

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

o) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all judgements, estimates and assumptions made: e.g

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 Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

a) 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:

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

Eldama Ravine Water and Sewerage Company Limited
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6. Revenue

	2024/2025	2023/2024
	Kshs.	Kshs.
Water Sales	43,076,507	32,550,479
Total Water Sales	43,076,507	32,550,479

7. Cost of Sales

	2024/2025	2023/2024
	Kshs.	Kshs.
Water Treatment Chemicals	8,189,230	4,353,626
Electricity production	775,624	539,499
Total	8,964,854	4,893,125

8. Other Income

	2024/2025	2023/2024
	Kshs.	Kshs.
Labour Charges	3,253,770	4,451,193
Meter Deposits	2,694,830	
Reconnection Fees	53,360	51,100
Other Miscellaneous Receipt	36,875	127,450
Total	6,038,835	4,629,743

Eldama Ravine Water and Sewerage Company Limited
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9. Administration Costs

Description	2025	2024
	Kshs.	Kshs.
Office Rent	90,000	28,800
Electricity (Office)	9700	-
Telephone & Postages	208,010	233,410
Printing & Stationary	593,765	440,208
Entertainment/Hospitality Expenses	624,560	221,850
Sanitary Services Cleaning/Miscellaneous	109,370	111,920
Internet Services	403,000	280,050
Donation/Staff Welfare	167,100	60,000
Risk Expenses	18,400	19,550
Vehicle & Motorbikes Insurance	130,598	80,433
Office Furniture, Fittings & Maintenance	244,910	59,700
Legal Expenses	205,000	444,612
Protective gears	122,470	76,900
Stakeholder Engagement	78,000	-
Public Baraza	3,000	-
World Water Day Celebrations	122,000	-
Total Administrative Expenses	3,129,883	2,057,433

Eldama Ravine Water and Sewerage Company Limited
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10. Personnel Costs

Description	2025	2024
	Kshs.	Kshs.
Salaries and allowances of permanent employees	15,122,124	12,125,034
Compulsory national health insurance schemes	108,640	-
Compulsory national social security schemes	601,755	401,665
Other pension contributions	1,032,449	943,871
Leave pay and gratuity provisions	343,823	318,649
Casual Wages	4,120,192	2,034,002
Total Staff Costs	21,328,983	15,823,221
Basic Pay	6,882,990	6,289,475
House Allowance	2,148,000	2,098,500
Leave Allowance	343,823	318,649
Medical Allowance	304,800	294,800
N.W.C.P.S (Employer's Contribution)	-	686,277
N.S.S.F (Employer's Contribution)	442,780	301,320
Commuter Allowance	408,000	400,000
CMT Responsibility Allowance	500,000	600,000
Lap trust (Employer's Contribution)	1,029,402	257,594
Casual Wages	4,120,192	2,034,002
Acting Allowances	-	257,259
Salary Arrears	4,830,000	2,185,000
Affordable Housing Levy(Employer)	158,975	100,345
Hardship Allowance	48,334	-
Laptrust Employer's Contribution)	3,047	-
WIBA	108,640	-
Total	21,328,983	15,823,221

11. FINANCE COSTS

Description	2025	2024
	Kshs	Kshs
Bank Charges	116,798	149,648
Total Finance Costs	116,798	149,648

Eldama Ravine Water and Sewerage Company Limited
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12. GENERAL OPERATING COSTS

Description	2025	2024
	Kshs.	Kshs.
Fuel Oils & Lubricants	2,326,820	1,717,690
Repair & Maintenance Vehicles & M/Bikes	747,310	381,522
Computer Accessories, Repair & Maintenance	89,730	218,084
Laboratory Water Test	74,800	34,182
Hire of Equipment	6,800	2,200
WASREB Levies	1,721,326	1,302,019
Wasreb Operational License Fees	75,000	273,420
WRA Levies	1,793,328	972,000
Hired Casual Expenses	531,990	205,620
Travel and Subsistence Allowances	3,032,240	2,376,320
Water Police unit expenses	-	343,900
Water pipes and fittings	2,352,052	935,612
Water Meters	2,694,600	1,494,000
Routine Maintenance	58,500	21,300
Repair of pump, Distr and Networks	65,950	23,000
Environmental Protection	-	80,350
Corporation/Income Tax	73,728	-
Pipeline Rehabilitation	20,000	-
Audit Fees (OAG)	348,000	-
Total Operation Cost	16,012,174	10,381,219

13. Board Expenses

Description	2025	2024
	Kshs.	Kshs.
Board expenses	1,701,150	734,251
Total Operating Costs	1,701,150	734,251

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14. OPERATING PROFITS/(LOSS)

Description	2025	2024
	Kshs.	Kshs.
Staff Costs (Note 12b)	21,328,983	15,823,221
Depreciation of property, plant and Equipment	61,237	27,760
Auditors Remuneration	348,000	348,000
Total Operating Profit/(loss) Credit	21,738,220	16,198,981

a) Income Tax Expense

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Current taxation based on the adjusted Profit for the year at 30%	(2,191,737)	2,409,220
Current Tax:Prior year under/(over) Provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
TOTAL	(2,191,737)	2,409,220

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

Description	2025	2024
	Kshs.	Kshs.
Profit before Taxation	(2,191,737)	3,441,743
Tax at the applicable tax of 30%	-	934,070
Current Tax	-	-
Prior year Under-Provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects for income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	-	-
Deferred tax prior year Over-provision	-	-
TOTAL	(2,191,737)	2,179,495

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15. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment's						
	Computer, Printers and Cameras	Billing Software	Furniture & fittings	Tools, Equipment & Machinery	Motor Vehicles/bikes	Total
	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>
<u>Cost/Valuation</u>						
At 1 st July 2024	491,890	638,000	48,390	316,790	-	1,495,070
Additions	110,000	-	-	-	229,000	339,000
As at 30th June 2025	<u>601,890</u>	<u>638,000</u>	<u>48,390</u>	<u>316,790</u>	<u>229,000</u>	<u>1,834,070</u>
<u>Depreciation</u>						
As at 1 st July 2024	476,234	511,941	41,653	274,223	-	1,304,051
Charge for the year	<u>37,697</u>	<u>12,606</u>	<u>842</u>	<u>5,321</u>	4,771	61,237
As at 30th June 2025	<u>513,931</u>	<u>524,547</u>	<u>42,495</u>	<u>279,544</u>	<u>4,771</u>	<u>1,365,288</u>
<u>Net book value</u>						
As at 30th June 2025	<u>87,959</u>	<u>113,453</u>	<u>5,895</u>	<u>37,246</u>	<u>224,229</u>	<u>468,782</u>
As at 30th June 2024	<u>15,656</u>	<u>126,059</u>	<u>6,737</u>	<u>42,567</u>	-	<u>191,019</u>

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

	Cost or valuation	Normal Annual Depreciation Charge
Billing Software	638,000	12,606
Computers and related equipment	601,890	37,697
Furniture's and fittings	48,390	842
Tools and Equipment	316,790	5,321
Motor Bikes	229,000	4,771
Total	1,834,070	61,327

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16. Inventories

Description	2025	2024
	Kshs.	Kshs.
Water treatment Chemicals	991,750	687,500
Pipes and Fittings	-	-
TOTAL	991,750	687,500

17. Trade and Other Receivables

Description	2025	2024
	Kshs.	Kshs.
Trade receivables (Note 27b)	46,318,570	44,027,795
Deposits and prepayments	68,000	68,000
Share Capital (Baringo County)	100,000	100,000
Gross Trade and other Receivables	46,486,570	44,195,795
Net trade and other receivables	46,486,570	44,195,795

(a) Trade Receivables

Description	2025	2024
	Kshs.	Kshs.
Gross Trade Receivables	46,318,570	44,195,795
Provision for doubtful receivables	-	-
At 30th June, the aging analysis of the gross trade receivables was as follows:		
Less than 30 days	4,499,720	2,209,790
Between 30 and 60 days	2,315,929	3,535,663
Between 61 and 90 days	6,947,786	5,303,496
Between 91 and 120 days	9,263,714	6,629,369
Over 120 days	23,291,421	26,517,477
Total	46,318,570	44,195,795

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(b) Staff Receivables

Description	2025	2024
	Kshs.	Kshs.
Gross Staff Receivables	-	-
Provision for impairment	-	-
Less: amounts within one year	-	-
Amounts Due after one year	-	-

18. Bank and Cash Balances

Description	2025	2024
	Kshs.	Kshs.
Cash at Bank	4,705,611	2,027,930
Total	4,705,611	2,027,930

Detailed analysis of the cash and cash equivalents

Description	2025	2024
	Kshs.	Kshs.
(a) Current Account		
Kcb Bank-1118994051	4,015,353	1,859,475
Kcb Bank-1105641945	-	(1,104)
Kcb Bank-1161792953	690,258	159,390
Kcb Bank-1111359407	-	10,169
Sub Total	4,705,611	2,027,930
M.pesa	374,075	103,744
Post bank	13,200	23,590
Sub Total	387,275	127,334
Grand Total	5,092,886	2,155,264

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19. Ordinary Share Capital

Description	2025	2024
	Kshs.	Kshs.
Authorised		
5,000 Ordinary shares of Kshs 20 Per share	100,000	100,000
Issued and fully paid		
5,000 Ordinary shares of Kshs 20 Per share	-	-

20. Trade and Other Payables

Description	2025	2024
	Kshs.	Kshs.
Net Salaries	15,728,920	19,934,081
Ukulima Co-operative Society	930,905	984,534
Ardhi Co-operative Society	814,804	814,804
British American Insurance	-	65,987
KUCFAW	182,295	179,694
N.W.C.P Scheme	13,029,396	13,029,396
Kenya Power & Lighting Co. Ltd	67,299	85,984
Flexilink Company Ltd	-	19,000
Lease Fee 14% -RVWVDA	24,787,164	24,787,164
Regulatory Levy 4% -WASREB	3,275,542	2,716,322
WRMA Levy	10,813,956	9,263,628
Net C.M.T Responsibilities Allowances	255,000	805,000
Smart Chip Dynamics	73,358	73,358
County Government of Baringo	542,936	542,936
Kenya Revenue Authority (PAYE)	24,950	55,667
Social Health Authority (SHA)	10,739	6,200
L.K. Hardware	1,893,302	666,553
N.S.S.F	3,323,952	357,440
Office Auditor General (OAG)	3,878,000	3,580,000
Customer Deposits	5,110,000	3,017,000
Laptrust	2,022,145	2,186,929
Gratuity	383,853	583,853
County Building – Office Rent	720,000	738,000
NITA Levy	17,550	13,200
Water Meter Deposits	3,742,400	-
Nairobi IronMongers	512,223	-
Diesel Power Ltd	202,946	-
TOTAL	92,348,877	84,506,730

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21. Provisions for Leave Pay

Description	2025	2024
	Kshs.	Kshs.
Balance at the beginning of the year	343,823	318,649
Additional provision at end of year		
Leave paid out or utilized during the year	343,823	318,649
Balance at end of the year	-	-

22. Notes to The Statement of Cash Flows

Description	2025	2024
	Kshs.	Kshs.
(a) Reconciliation of operating Profit/(Loss) to cash generated from/(used in) operations		
Operating Profit/(loss)	(2,191,737)	2,179,496
Depreciation	61,237	27,760
Operating Profit/(loss) before working capital changes	(2,130,500)	2,207,256
(Increase)/decrease in inventories	(304,250)	(173,100)
(Increase)/decrease in trade and other receivables	(2,290,775)	(2,114,783)
Increase/(decrease) in trade and other Payables	7,842,147	(6,649,157)
Cash generated from/(used in) operations	5,247,122	(8,937,040)
Analysis of cash and cash equivalents		
Cash at bank	5,092,886	2,155,264
cash in hand	-	-
Balance at end of the year	5,092,886	2,155,264

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23. Related Party Disclosures

Description	2024	2023
	Kshs.	Kshs.
(a) Grants from the Government		
Grants in kind from County Government	-	-
Grants in kind from Water Sector Trust Fund	-	-
Total	-	-

24. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Customer deposits	5,110,000	3,017,000
Prepayments by customers	-	-
Retention/Contract deposits	-	-
Others (Specify)	-	-
Total	5,110,000	3,017,000

Aging Analysis for Refundable Deposits and Prepayments

	2023-2024	% of the total	2022-2023	% of the total
Under one year	153,300	3%	90,510	3%
1-2 years	868,700	17%	512,890	17%
2-3 years	1,022,000	20%	603,400	20%
Over 3 years	3,066,000	60%	1,810,200	60%
Total	5,110,000		3,017,000	

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25. Financial Risk Management

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

The company's financial risk management objectives and policies are detailed below:

Credit risk

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

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

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

	Total Amount Kshs.	Fully Performing Kshs.	Past due	impaired Kshs.
At 30 June 2025				
Receivables from exchange transactions	46,318,570	23,027,149	23,291,421	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	5,092,886	5,092,886	-	-
Total	51,411,456	28,120,035	23,291,421	-

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At 30 June 2024				
Receivables from exchange transactions	44,195,795	17,678,318	26,517,477	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,027,390	2,027,390	-	-
Total	46,223,185	19,705,708	26,517,477	-

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

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

ii) Liquidity risk management

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

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

	Less Than one Month	Between 1-3 Months	Over 5 Months	Total Kshs.
At 30 June 2025				
Trade Payables	923,729	8,313,559	82,071,564	91,308,852
Total	923,729	8,313,559	82,071,564	91,308,852
At 30 June 2024				
Trade Payables	2,319,800	1,302,579	80,884,351	84,506,730
Total	2,319,800	1,302,579	80,884,351	84,506,730

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(iii) Market risk

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

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

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

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
sr/eldama ravine water company 2023/2024	Going Concern	The company has made arrangements to improve efficiency and turn around. The company has gone through public participation to seek an increase in the tariff from Kshs. 33 to Kshs 50 per cubic meter. Which will	Zephania Kurere- MD	Not Resolved	End of FY 2025/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>generate more revenue to improve the equity position of the company.</p> <p>The company through its internally generated sources has reduced several debts owed to staff, KRA, NSSF, WASREB and WRA.</p> <p>The old debts are being reviewed and aged accordingly. Collecting the collectable Debts and seeking board approval to write off the uncollectable debts.</p>			
sr/eldama ravine water company 2023/2024	Share Capital	The Function Owner Baringo County Government has generated a payment voucher to pay off the Share capital in the first quarter of the financial year 25-26	Zephania Kurere- MD	Not Resolved	By October 2025
sr/eldama ravine water company 2023/2024	Non-Revenue water compliance	<p>Board resolution for 100% metering is in place.</p> <p>The current budget has factored in the purchase of 4000 consumer water meters.</p> <p>Two bulk meters and district water meters to be procured through the contractor in the financial 25-26.</p> <p>Procuring of a new</p>	Zephania Kurere- MD	Not Resolved (On-going)	End of FY 2025/2026

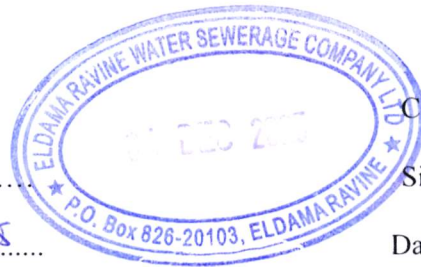
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>billing software to closely monitor consumption of all our customers.</p> <p>Tprocure tank sensors for 13 storage tanks in the financial year 25-26.</p> <p>Management of NRW at zonal levels. There have been great strides of reducing NRW that is from 66 in the FY 23-23 to 54% in the Current FY 24-25</p>			
sr/eldama ravine water company 2023/2024	Grant Inherited Debts	We are in discussion with CRVWWDA on the way forward on this long outstanding debts	Zephania Kurere- MD	Not Resolved	End of FY 2025/2026

Managing Director

Sign. 

Date. 4/12/2025



Chairman of the Board

Sign. 

Date. 4/12/2025

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

During the FY 2024/2025 the company had no projects. However, WSTF projects were applied and implemented through Chemususu Water Company since the two companies are still in transition process. The implementations of the projects will be reported through Chemususu Water Company.

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		ERAWASCO LIMITED		
Break down of Transfers from the State Department of Water				
FY 2024-2025				
a. Grant In-kind				
			<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	

There were no any inter-entity transfers in the period under report

Finance Manager
ERAWASCO LTD

Sign




Head of Accounting Unit
ERAWASCO LTD

Sign



APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

During the period there were no transfers from other government entities to ERAWASCO LTD



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