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ITEN TAMBACH WATER AND SEWERAGE
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

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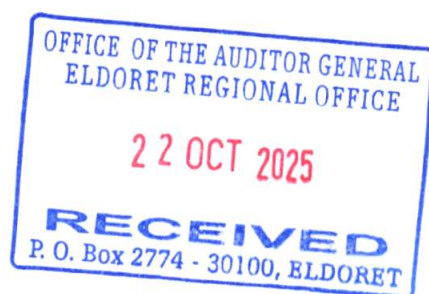
ITEN TAMBACH WATER AND SEWERAGE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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



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

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1. Acronyms and Glossary of Terms

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>WSTF</i>	<i>Water Sector Trust Fund</i>
<i>RVWSB</i>	<i>Rift Valley Water Services Board</i>
<i>NRW</i>	<i>Non-Revenue Water</i>
<i>ITWASCO</i>	<i>Iten Tambach Water & Sewerage Co. Ltd</i>

Iten Tambach Water and Sewerage Company Ltd
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2. Key Entity Information

Background information

The *Company* was established on 1st July, 2008 through the Water Act of Parliament of 2002 and incorporated on 1st July, 2008. At cabinet level, the *company* is represented by the Cabinet Secretary for Water and Irrigation who is responsible for the general policy and strategic direction of the *company*.

Principal Activities

The principal activities of the company are provision of Water and Sewerage services (sanitation) within the area under jurisdiction of Iten and Tambach Towns in Elgeyo Marakwet County.

Directors

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

No	Name	Position	Date Of Appointment
	Mr. Fredrick K. Kiyeng	Chairman	19 th June 2024
	Dr. Kiptoo Bilhah	Member	19 th June 2024
	Mr. Koech Kiplimo Isaac	Member	19 th June 2024
	Mr. Alan Chemursoi	Member	19 th June 2024
	Mr. Benson Cheboswony	Member	19 th June 2024
	Mr. Paul Yator	Secretary	Managing Director

Registered Office

Iten Treatment- Works,
Behind Iten Post Office,
Next to Iten Primary
P.O. Box 700-30700
Iten, KENYA

Corporate Contacts

Telephone: 0743286175/0743286720
E-mail: [itenwater@yahoo.com/](mailto:itenwater@yahoo.com) infoitwasco@gmail.com

Corporate Bankers

Kenya Commercial Bank
P.O. Box 456,
Iten- Kenya

Iten Tambach Water and Sewerage Company Ltd
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Equity Bank-Iten Branch
P.O. Box 75104-00200
Nairobi

Nairobi, KENYA

Independent Auditor

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

Principal Legal Advisers

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

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

3. The Board of Directors

PASSPORT	NAME	PROFESSION	QUALIFICATION
	Mr. Fredrick K. Kiyeng	-Water Technologist by Profession -Currently working in Uasin Gishu County	-BSC in Science (Chemistry) -Diploma in Chemical Engineering.
	Mr. Alan Chemursoi	Nursing officer by profession -Representing profession.	-High Diploma in Mental Health -Registered Nurse
	Mr. Koech Kiplimo Isaac	-Environmentalism by profession. -Chief Officer of Water and environment, Elgeyo Marakwet County. -Representing County Government of Elgeyo Marakwet	-Currently master's student at University of Eldoret majoring in environmental, planning and management. - BSc in environmental studies (community development)
	Dr. Kiptoo Bilhah	-Teacher by profession -Currently Lecture at University of Kabianga -Representing gender	-Masters of Philosophy- Edith Cowan University Australia -Bachelors of Education- Moi University
	Mr. Benson Cheboswony	-Hydrological Engineer by profession -Member of Hydrological Society of Kenya	-Post graduate Diploma in Hydrological Engineering -BSC in Hydromet.
	Mr. Paul Yator	-MBA(Strategic) -Degree in PPM -Diploma in Water Engineering -Higher diploma in HRM -Higher diploma in Entrepreneurship	Managing Director

4. Key Management Team

PASSPORT	NAME	Qualification	Area of Responsibility
	Mr. Paul Yator	-MBA(Strategic Management) -Degree in PPM -Diploma in Water Engineering -Higher diploma in HRM -Higher diploma in Entrepreneurship	Managing Director
	Mr. Jeremiah K. Kigen	-CPA K	Commercial Financial Manager

5. Chairman's Statement

I am honoured to present the Annual Report and Financial Statements for the year ended **30 June 2025**. This period underscored the resilience of ITWASCO and its employees, whose unwavering commitment ensured we met stakeholder expectations while navigating fiscal constraints. Through disciplined financial management, the company upheld all obligations without compromise to service quality.

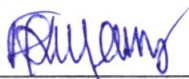
Kenya's 2010 Constitution continues to shape the water sector, embedding access to clean water as a human right and decentralizing service delivery to counties. ITWASCO remains a compliant partner in this framework, rigorously adhering to the Water Act (2016), WASREB standards, and Public Finance Management regulations. Our collaboration with national agencies, the Elgeyo Marakwet County Government, and WWDAs has fortified operational stability and positioned us for sustainable growth.

Water scarcity remains a critical challenge, with demand outstripping supply in Iten, Tambach, and neighboring areas. Despite ongoing rationing, we have prioritized infrastructure investments to close this gap—a vital step toward SDG 6 and Kenya's Vision 2030. Water security is not just our mandate; it is the foundation for thriving agriculture, tourism, and industries that drive this region's economy.

The Board acknowledges the steadfast support of our shareholders, the Elgeyo Marakwet County Government, and national institutions. Their trust enables transformative projects and long-term planning. To our employees, customers, and partners: your perseverance fuels our progress. Together, we are turning challenges into milestones.

With gratitude and renewed resolve,

Thank you & God bless you all.



Mr. Fredrick K. Kiyeng
Chairman

21/10/2025
Date

6. Report Of the Managing Director

It gives me great pleasure to present this comprehensive report on our company's performance for the financial year ended 30 June 2025. This year marked significant progress in our operational and financial performance, despite facing several challenges that tested our resilience as an organization.

Financial Performance

The Company recorded total revenues of Kshs 39,080,300, comprising Kshs 36,190,330 from billing income and Kshs 2,889,970 from non-billing income. We maintained excellent collection efficiency at 100%, including clearance of arrears from the County Government of Elgeyo Marakwet. Our cash flow position remained positive throughout the year, and we achieved full compliance with all regulatory and statutory requirements. However, our gearing ratio increased to 81%, reflecting our continued investment in critical infrastructure projects.

Operational Highlights

Our Customer Charter, established in 2018, continues to guide our service delivery standards, ensuring we provide courteous, efficient and professional services to our customers. The implementation of our new Routing Management System in July 2024 represents a major step forward in operational efficiency. This system is already showing promise in reducing Non-Revenue Water (NRW), enhancing revenue collection, and improving service delivery through faster response to leaks and service interruptions.

Our ICT infrastructure received a significant boost with the implementation of PickPay ERP Software, which has enhanced our billing accuracy and customer relationship management capabilities. The Kapsio/Kariobangi Water Project, funded by the Water Sector Trust Fund, extended our pipeline network by 14 kilometers and installed 150 new meters, contributing to our revenue assurance efforts.

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

Challenges and Mitigation Strategies.

We continue to face significant challenges in meeting water demand, with a current shortfall of 8,500m³/day in Iten Tambach and surrounding areas. Infrastructure development projects in the region have compounded this challenge by frequently damaging our water and Sewerage networks. Our debtors' book stands at Kshs 33,216,631, though we've implemented robust debt collection strategies that have reduced this from Kshs 34,928,265 last year.

Non-Revenue Water remains a critical concern at 31%, above our target benchmark of 25%. To address this, we are establishing a dedicated NRW unit and implementing several interventions including leak detection equipment procurement, staff training, infrastructure upgrades, and pilot programs for smart metering and HDPE pipe installation.

Appreciation and Outlook

On behalf of ITWASCO's management and staff, I extend our sincere gratitude to our Board, Shareholders, Customers, Regulators and all stakeholders for their continued support. The achievements outlined in this report would not have been possible without your cooperation and commitment.

As we look to the future, we remain focused on improving service delivery, enhancing operational efficiency, and ensuring the long-term financial sustainability of our company. We are confident that with the continued support of all stakeholders, ITWASCO will overcome current challenges and achieve even greater success in the coming years.

Thank you; God bless us all and **ITWASCO**.


Paul Yator
Managing Director

21/10/2025

Date

7. Statement Of Performance Against Predetermined Objectives For FY 2024/2025

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County government entity's performance against predetermined objectives.

Iten Tambach Water and Sewerage Co. Ltd have 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023/2024- FY 2027/2028. These strategic pillars/ themes/ issues are as follows:

- i) Water and sewerage infrastructure.
- ii.) Non-Revenue Water (NRW).
- iii.) Operational efficiency and Human Resources Management.
- iv.) Financial sustainability.
- v.) Corporate governance.

Iten Tambach Water and Sewerage Co. Ltd develop its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Iten Tambach Water and Sewerage Co. Ltd achieved its performance targets set for the FY 2023/2028 period for its 5 strategic pillars, as indicated in the below:

- i. Increased water coverage area from 53% in 2023 to 65% by 2028.
- vi. Increased revenue from Kshs. 21 million in 2023 to Kshs. 30 million
- vii. Improved collection efficiency from 85% in 2023 to 95%
- viii. Promote a positive corporate image.
- ix. Enhanced good corporate governance.

Theme	Objective	Strategy
1. Non-Revenue Water	To reduce the non-revenue water from 32% in 2023 to 25% by 2028	i. Rehabilitation of water distribution network ii. Pressure management iii. Meter Replacement /Servicing policy iv. Billing data and clean up exercise v. Enhance community involvement vi. Enhance staff capacity to deal with NRW - Develop a NRW policy plan - Reporting system/ customer care line/sms
2. a) Operational Efficiency	To reduce operational costs to total revenue ratio from 97% in 2019 to 80% by 2028	i. Streamlining business processes ii. Eliminate bottlenecks in handling customer fittings iii. Increase customer satisfaction from 70% in 2018 to 85% in 2028.
b) Human Resources Management	To attract and retain skilled and productive staff	i. Align staff establishment with business level ii. Staff capacity building

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

Theme	Objective	Strategy
		iii. Enhance performance management iv. Provide a conducive working environment v. Organisational culture change - Enhance innovation and knowledge management - Improve staff motivation
c) Customer Service	To increase customer satisfaction from 74% in 2023 to 85% in 2028	i. Enhance customer relationship management ii. Maintain a 24 hour water supply
3. Financial Sustainability	1. To increase revenue from Kshs. 21 million in 2023 to Kshs. 45 million by 2028	i. Review the water tariff ii. Increase the number of water connections. iii. Construction of Water Bottling Plant- Kabei spring. iv. Enhance revenue through water Quality laboratory analysis services.
	2. To improve collection efficiency from 85% in 2023 to 95% by 2028	i. Maintain a regular billing cycle ii. Enhance Debt Management iii. Efficient debt resolution mechanism
4. Corporate Image and Governance	1. To promote a positive corporate image	i. Enhance corporate brand visibility ii. Enhance Corporate Social Responsibility (CSR) iii. Initiate ISO Certification
	2. To enhance good corporate governance	i. Adherence to good corporate governance practices ii. Strengthen enterprise risk management (ERM) iii. Enhance internal controls

8. Corporate Governance Statement

Corporate governance is the process and structure used to direct and manage the business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realising shareholders' long-term value while taking into account the interest of other stakeholders. Directors are responsible for corporate governance practices of the Company. This statement sets out the main practices in operation during the year under review, unless otherwise indicated.

Directors and Management of the Company regard corporate governance as pivotal to the success of the business and are unreservedly committed to ensuring that good governance is practiced so that the company remain sustainable and viable business of the community stature. As part of this commitment, the Board fully supports best practices in corporate governance and has adhered to the Guideline Governance.

a) Board of Directors

The Board consists of five Directors and a Managing Director. The Directors' biographies are on **page V**. Directors possess a broad range of skills, qualifications and experience required to direct the Company.

At least one third of the Board members are required to submit them for re-election each year during the Annual General Meeting. Any Director appointed by the Board during the year is required to retire and seek re-election at the next Annual General Meeting.

Business transactions with all parties, Directors or their related parties are carried out at arm's length.

b) Responsibilities

The primary responsibilities of the Board include: establishment of short and long-term goals of the Company and strategic plans to achieve those goals; ensuring preparation of the annual financial statements; approval and review of the annual budgets; setting and periodically reviewing key performance indicators and management performance; managing risks by ensuring that the Company has adequate systems of internal controls together with appropriate monitoring of compliance activities; and working with management to realise shareholders' value.

To enable the Board to function effectively the Board is given full and timely access to relevant information. New Directors are also inducted through provision of necessary information pertinent to the Company's business, meetings with Management and training so as to enhance their understanding of the Company's legislative framework, its governance processes and the nature of the business and operations of the Company. Continuous training is provided. Towards this, six Directors have been trained on corporate governance by the North Rift Water works development agency. The Board meets at least once a quarterly or more often in accordance with requirements of the business.

c) Board Work Plan and Meetings

The Board work plan and calendar of meetings is prepared annually in advance. Adequate notice is given for each Board meeting and Directors receive detailed papers on issues to be discussed in good time before the meeting. The Board held a total of 4 meetings during the year, which were very well attended.

d) Board Committees

A number of standing committees exist in order to assist the Board and management fulfil their responsibilities. Each committee operates within the ambit of defined terms of reference assigned to it by the Board.

During the year, the Board had the following standing committees.

Finance/ Technical and General-purpose committee.

Audit committee.

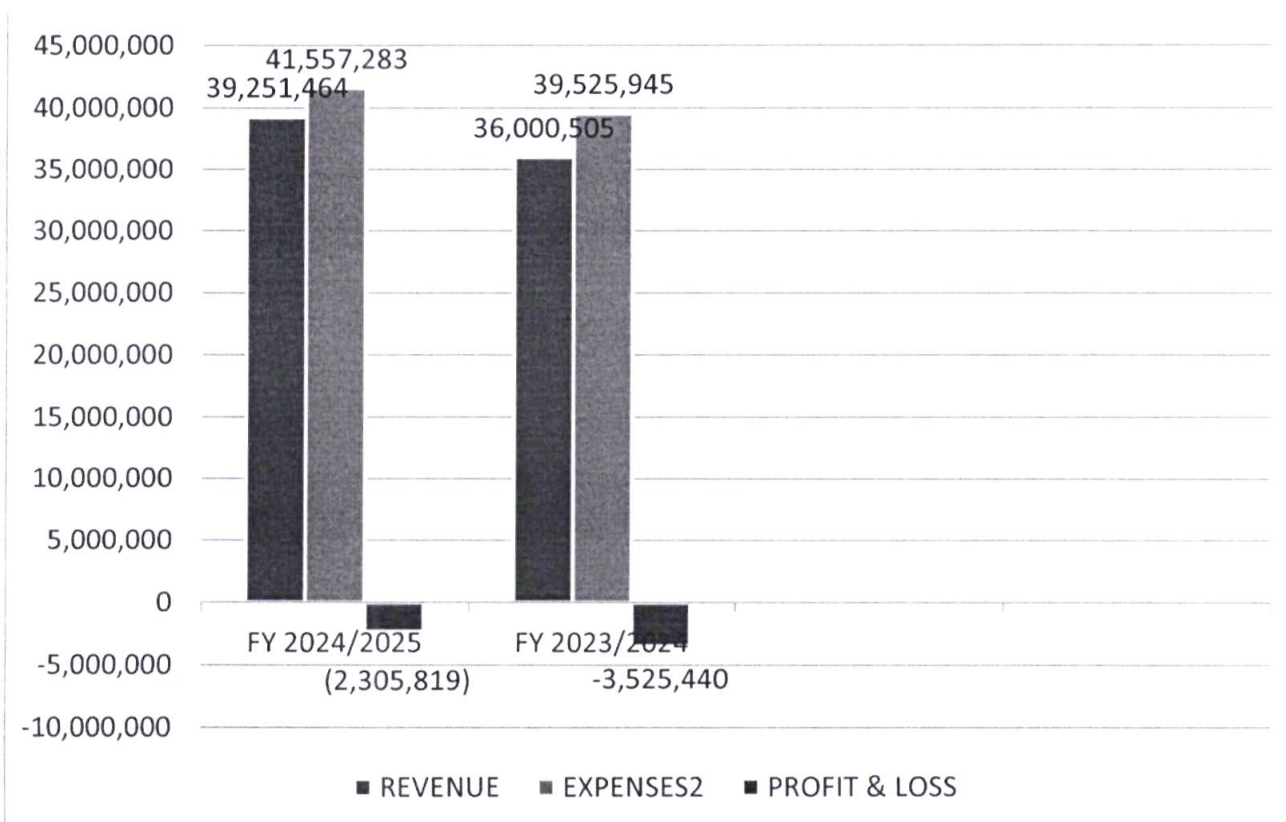
9. Management Discussion and Analysis

COMMERCIAL PERFORMANCE

The financial year 2024/2025 demonstrated steady commercial growth despite operational challenges. Our customer base expanded by 131 new connections, reflecting sustained demand within our service area. Total billing reached Kshs 36,190,330, supported by improved collection efforts that reduced trade receivables by Kshs 1,500,624. However, total expenditures rose by 5.4% to Kshs 41,641,747, primarily due to strategic investments in infrastructure upgrades and staff costs. The shift to HDPE pipelines and network expansion contributed to higher operation and maintenance costs, while staff expenses increased by 8.9% (Kshs 1,596,728) due to statutory requirements including NSSF adjustments, housing levy implementation, and pension scheme provisions. These necessary expenditures, while impacting short-term profitability with a reduced net profit of Kshs 1,219,621, position the company for long-term sustainability through enhanced service reliability and regulatory compliance. The accompanying graphs illustrate our revenue stability against rising costs, demonstrating our balanced approach to growth and quality service delivery.

[Visual representation showing: (1) Revenue vs Expenditure trend line.

Graphical representation of the company performance.



10. Environmental And Sustainability Reporting

In recognition of its obligations as a responsible corporate entity, the Board of Directors and management sustained the Company's participation in corporate activities that enhance the social, economic and environmental interests that affect its internal stakeholders.

The Environment Our business has been a major beneficiary of wood products. We have, therefore, undertaken to contribute towards national afforestation initiatives in collaboration with the Forest Department. Since 2012, the Company has sustained a tree-planting programme at Sabor Forest Block-Kitany area water catchment area and Yokot Water catchment Forest where our main source of water is coming with seedlings propagated at Singore Zonal office tree nursery of Kenya forest service (KFS). Also, further encouragement to individual farmers to planted trees along the upstream.

i) Stakeholder Awareness.

Operate and, consequently, we have endeavoured to contribute to initiatives that impact on improvement of their social well-being.

In order to facilitate awareness and understanding of various aspects and nature of our service, we carried out various awareness campaigns through print and electronic media and also organised face-to-face meetings with a view to reach a wide cross section of our customers and other stakeholders.

ii) Our Human Capital

It is in our interest to continue investing in the development of our human capital as a prerequisite to meeting expectations of our employees and customers. Consequently, we continued to offer various groups of our employees training opportunities to learn new skills and develop careers, locally. All employees also undergo an annual performance appraisal, which includes identification of training and development needs.

iii) Stakeholders

As a service provider that is well aware of its obligations to its customers, we drafted a Customer Charter detailing our obligations to them. We invited customers under the umbrella of resident associations and other interest groups to a meeting to debate and suggest how to enhance our services. Consequent to this interaction and in recognition of the value of partnerships and dialogue in order to better understand the needs of our customers.

iv) Education

Our support to education-related initiatives stems from the fact that the pool of skilled manpower that help to drive the success of our Company are a product of the country's education system. We, therefore, continued to provide opportunities for attachment for Kenya Water Institute, Rift valley Technical institute of science and Technology students and those from tertiary institutions, to enable them acquire a hand- on experience and fulfil a requirement for graduation. During the year under review, 100 students went through the attachment programme at ITWASCO.

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

11. Report Of the Directors

The Directors submits their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the entity's affairs.

i) Appointment of Directors.

Under the Corporate Governance Guidelines which informs the recruitment of Directors for all Water Service Companies in the Country and the regulations issued by the Water sector regulator, Water Services Regulatory Board (WASREB), it is a requirement that only two categories of directors should be appointed to sit in the boards of water companies. These are:

Two directors to be appointed from Executive arm of the County Governments.

The other stakeholders' directors to be recruited competitively from the stakeholders.

For Iten Tambach Water and Sewerage Company Limited, the only vacancies available and which were advertised to be filled competitively by the stakeholders' directors were three. The other two directors to be appointed from the Executive arm of the County Government.

ii) Principal activities

The principal activities of the company are Water and Sewerage Services (Sanitation) within the area under jurisdiction of Iten and Tambach Towns.

iii) Results

On the financials, ITWASCO reported an increase in turnover by kshs 3,250,959 equating to 9% and increase in expenses by kshs 2,031,338 equating to 5.1% respectively. The net profit/ (loss) decreased by kshs 1,219,621

The above increased turnover, increase in administrative cost and increase in production has resulted because of constant supply of water and increase in area of coverage

Also, operational and maintenance increased due to pressure variance exerted on the old polyvinyl pipe (UPVC) pipes in relation to the high density polyethylene pipe (HDPE) pipes and roads upgrading by the county government, furthermore the area of coverage increased hence increase in the cost of transport.

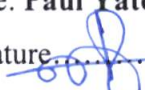
The company managed to comply with all statutory requirements and maintained a positive balance in the bank accounts.

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

iv) Auditors

The Auditor General is responsible for the statutory audit of the company in accordance with Section 149 (2) k of the Public Finance Management (PFM) Act, 2012.

Name: **Paul Yator**

Signature: 

Date: **21/10/2025**

Secretary to the Board

12. Statement Of Directors' Responsibilities

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

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

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safe-guarding the assets of the Company;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

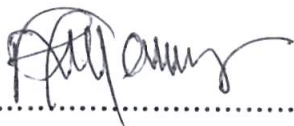
The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting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

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern OR Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

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

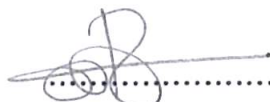
Approval of the financial statements

The company financial statements were approved by the Board on **21/10/ 2025** and signed on its behalf by:



.....
Fredrick Kiyeng

Chairperson of the Board



.....
Paul Yator

Managing Director

<

REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ITEN TAMBACH 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 the 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 the Lawfulness and Effectiveness in 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 the 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 Iten Tambach Water and Sewerage Company Limited set out on pages 1 to 52, 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 Iten Tambach Water and Sewerage Company Limited for the year ended 30 June, 2025

comprehensive income,, statement of changes in net 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 Iten Tambach Water and Sewerage Company Limited as at 30 June, 2025 and of its profit or loss and other comprehensive income and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012 and with the Water Act, 2013.

Basis for Qualified Opinion

1. Long Outstanding Trade and Other Payables

The statement of financial position as disclosed in Note 23 to the financial statements reflects trade and other payables balance of Kshs.26,419,514. The ageing analysis for trade and other payables revealed that out of this balance, Kshs.17,271,265 had been outstanding for more than four (4) years including provision for audit fee of 3,016,000.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.26,419,514 could not be confirmed.

2. Anomalies in Property, Plant and Equipment

2.1 Assets with Nil Book Value

As previously reported, the statement of financial position reflects property, plant, and equipment balance of Kshs.22,950,301 as disclosed in Note 15 to the financial statements. However, property, plant and equipment with historical cost of Kshs.5,369,745 had been fully depreciated but were still in use and were not included in the balance of plant, property and equipment. The assets had neither been revalued nor disposed as at 30 June, 2025.

In the circumstances, the accuracy and completeness of the property, plant and equipment net book value of Kshs.22,950,301 could not be confirmed.

2.2 Unconfirmed Value and Ownership of Land

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.22,950,301 which includes building balance of Kshs.1,159,866 as disclosed in Note 15 to the financial statements. However, the value of land on which these buildings stand had not been disclosed in the financial statements. Further, the title deeds confirming ownership of the land by the Company were not provided for audit verification.

In the circumstances, the ownership of the land could not be confirmed.

2.3 Unsupported Ordinary Share Capital of the Company

As previously reported, the statement of financial position reflects share capital of Kshs.100,000 in respect of 5000 shares with a par value of Kshs.20 each as disclosed in Note 19 to the financial statements. However, Management did not provide share certificate and share register for audit verification.

In the circumstances, the accuracy of the ordinary share capital of Kshs.100,000 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Iten Tambach 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 total income of Kshs.42,500,000 against actual receipts of Kshs.39,251,464, resulting in an under-performance of Kshs.3,419,700 (8%). Similarly, the Company spent Kshs.41,557,283 against actual receipts of Kshs.39,251,464 resulting to over expenditure of Kshs.2,305,819 or 6% of the actual receipt.

The under-expenditure and overutilization may have affected the operations and liquidity of the Company and may have impacted negatively on service delivery.

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 were no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, one (1) issue was reported under the Report on the Financial Statements, one (1) issue under Emphasis of Matter, three (3) issues under Report on Lawfulness and Effectiveness in Use of Public Resources and five (5) issues under Report on Effectiveness of Internal Controls, Risk Management and Governance.

However, Management of the Company had not resolved the outstanding issue as per Appendix 1.

In the circumstances, the issues remain outstanding.

Other Information

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

In connection with my audit on the Iten Tambach Water and Sewerage Company Limited financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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. Lack of Gender Balance in Board Composition

Review of records revealed that the Company had six (6) Board of Directors out of which five (5) Board Members or 83% were of the same gender. This was contrary to Article 27(8) of the Constitution of Kenya, 2010 which provides that not more than two thirds of the members of elective or appointive bodies shall be of the same gender.

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

2. Non-Compliance with the Law on Ethnic Composition

Review of staff records provided revealed that the Company had a total of forty-seven (47) employees serving on permanent, contract and temporary terms. However, all or 100% of the staff were from the same ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

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

3. Failure to Submit Annual Climate Change Performance Reports

Audit review established that although the Company had developed a Strategic Plan, climate change components were not integrated into the plan. In addition, the Company had not developed a Climate Change Action Plan or budget provisions incorporating climate change activities. Further, the Company had not prepared a greenhouse gas emissions report or an annual climate change performance report for the financial year 2023/2024 and no evidence was provided to confirm submission of annual progress reports to the Climate Change Council on the status of implementation of climate change duties and functions. This was contrary to the requirements of Section 15(5)(f) of the Climate Change Act, 2016.

In the circumstances, the effectiveness of Management compliance with the Climate Change Act, 2016 could not be confirmed.

4. Non-Revenue Water

The statement of profit or loss and other comprehensive income reflects operating revenue water sales amount of Kshs.36,190,330 as disclosed in Note 6 to the financial statements. Records provided for review indicated that the Company produced a total of 731,443 cubic meters (m³) of water during the year. Out of which 515,032 cubic meters (m³) of water was billed to customers for Kshs.36,190,330 while the balance of 216,411 cubic meters (m³) approximately 30% of the total volume of water produced reported non-revenue water. This was contrary to WASREB guidelines which sets the acceptance level of non-revenue water at 25% of the total water production. The volume of 36,068 cubic meters (m³) or approximately 5% above the allowed loss of 25% prescribed billed at an average rate of Kshs.67.46 per cubic meter (m³) resulted in loss of sales estimated at Kshs.2,433,147.

In the circumstances, the significant level of non-revenue water had a negative impact on the Company's profitability and could affect sustainability of its operations.

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

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

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

Basis for Conclusion

Lack of Institutional Risk Management Policy Framework

Review of operations revealed that the Company has not developed an Institutional Risk Management Policy Framework. Consequently, there is no structured process in place for the identification, assessment, mitigation, and monitoring of risks affecting the achievement of organizational objectives. The absence of an Institutional Risk Management Policy Framework undermines the adequacy and effectiveness of the Institution's risk management processes and exposes the entity to significant governance and operational risks

In the circumstances, effectiveness of oversight on risk management could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that except for the matters described in the Basis for Qualified Opinion, I confirm that;

- I. I have obtained all the information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of my audit.
- II. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those books, and

- III. The Company's financial statements are in agreement with those records and returns.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

Appendix 1: Unresolved Prior Year Audit Matters

	Audit Issue
	Report on the Financial Statements
1.	Property, Plant and Equipment
	Emphasis of Matter
2.	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
3.	Non-Revenue Water
4.	Staff Establishment and Non-Compliance with the Law on Ethnic Composition
5.	Report on Lawfulness and Effectiveness in the Use of Public Resources
6.	Board of Directors
	Report on Effectiveness of Internal Controls Risk Management and Governance
7.	Trade and Other Receivables

Iten Tambach Water and Sewerage Company Ltd

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

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

	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	36,190,330	33,576,050
Grants Income	7	0	0
Other Income	8	2,889,970	2,412,981
Other gains/(losses) Decrease in Provision of trade receivable	9	171,164	11,474
Total Revenue		39,251,464	36,000,505
Expenses			
Staff Costs	10	19,585,033	17,988,305
General and Operations expenses	11	11,623,913	11,408,968
Board Expenses	12	648,100	1,089,040
Maintenance Expenses	13	8,920,559	8,264,728
Depreciation and Amortization expenses	14	779,678	774,904
Total Expenses		41,557,283	39,525,945
Profit/(Loss) Before Taxation		(2,305,819)	(3,525,440)

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

15. Statement Of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	15	22,950,301	21,342,630
Intangible assets	16	100,005	0
Total non-current assets		23,050,306	21,342,630
Current assets			
Trade and Other receivables	17	30,240,099	31,740,723
Bank and Cash Balances	18	2,692,192	3,555,133
Total non-current assets		32,932,291	35,295,856
Total Assets		55,982,597	56,638,486
Equity and liabilities			
Capital and Reserves			
Ordinary Share Capital	19	100,000	100,000
Capital Reserve	20	3,976,885	3,976,885
Water Sector Trust Fund-(Capital Development Fund)	21	23,310,471	23,310,471
Retained Earnings	22	2,175,727	4,481,546
Capital and Reserves		29,563,083	31,868,902
Current liabilities			
Trade and Other Payables	23	26,419,514	24,769,584
Total current liabilities		26,419,514	24,769,584
Total equity and liabilities		55,982,597	56,638,486

The financial statements were approved by the Board on **21/10/ 2025** and signed on its behalf by:


Paul Yator
Managing Director


Jeremiah K. Kigen
Head of Finance
ICPAK M/No:32192


Fredrick Kiyeng
Chairman of the Board

Iten Tambach Water and Sewerage Company Ltd.
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16. Statement Of Changes in Equity for the Year Ended 30 June 2025

	Ordinary share capital	Capital reserves	Retained earnings	WSTF-Capital development Fund	Total
Notes 8					
As at July 1, 2023	100,000	3,976,885	8,006,986	17,149,407	29,233,278
Profit and loss for the year	-	-	(3,525,440)	-	(3,525,440)
WSTF-Capital development Fund	-	-	-	6,161,064	6,161,064
WSTF Fund	-	-	-	-	-
As at June 30, 2024	100,000	3,976,885	4,481,546	23,310,471	31,868,902
As at July 1, 2024	100,000	3,976,885	4,481,546	23,310,471	31,868,902
WSTF-Capital development Fund	-	-	-	-	-
Profit and loss for the year	-	-	(2,305,819)	-	(2,305,819)
As at June 30, 2025	100,000	3,976,885	2,175,727	23,310,471	29,563,083

Iten Tambach Water and Sewerage Co. Ltd realize some money from Water Sector Trust Fund amounting to kshs 19,253,325 for realizing the following project components under urban project concept (UPC) programme:

- 14 km pipeline extension
- Construction of 1 no. closed kiosk
- 10 zonal meters and 150 consumer meters
- Administration costs and accompanying measures to the project

The water sector trust fund has already released the first disbursement of kshs 6,161,064.

Iten Tambach Water and Sewerage Company Ltd.
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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 Revenue		36,190,330	33,576,050
Grants Income		0	0
Other Income		2,889,970	2,412,981
Prior year adjustment		0	0
Total Receipts		39,080,300	35,989,031
Payments			
Staff Costs		19,585,033	17,988,305
General And Operation Expenses		11,623,913	11,408,968
Board Expenses		648,100	1,089,040
Maintenance Expenses		8,920,559	8,264,728
Finance Costs		0	0
Refund Of Customer Deposits		0	0
Total Payments		40,777,605	38,751,041
(Increase)/ decrease in trade and other receivable		1,500,624	32,209
Increase/decrease in trade and other payable		1,649,930	2,535,805
Decrease in doubtful debts		171,164	11,474
Net Cash From/ (Used In) Operating Activities	25	1,624,413	(182,522)
Cash Flows from Investing Activities			
Wstf work in progress		(2,337,354)	(4,371,601)
(Intangible asset) Website		(150,000)	0
Net Cash From/ (Used In) Investing Activities		(2,487,354)	(4,371,601)
Cash Flows from Financing Activities			
WSTF (Capital Development Fund)		0	6,161,064
Net Cash From/(Used In) Financing Activities		0	6,161,064
Increase/(Decrease) In Cash and Cash Equivalents		(862,941)	1,606,941
Cash And Cash Equivalents At Beginning Of Year	25	3,555,133	1,948,192
Effects Of Foreign Exchanges Rate Fluctuations			
Cash And Cash Equivalents At End of the Year	25	2,692,192	3,555,133

Iten Tambach Water and Sewerage Company Ltd
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18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e=c-d	f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Xxx%
Operating Revenue	39,000,000	0	39,000,000	36,190,330	2,809,670	88.4%
Other income	3,500,000	0	3,500,000	2,889,970	610,030	68.9%
Other gains	0	0	0	171,164	0	xxx
Total Revenue	42,500,000		42,500,000	39,251,464.00	3,419,700	92.4%
Expenses						
Staff Costs	20,257,000	0	20,257,000	19,585,033	671,967	96.7%
Board Expenses	1,040,000	0	1,040,000	648,100	391,900	97.7%
General and operations Expenses	11,980,000	0	11,980,000	11,623,913	356,087	97.7%
Maintenance	9,000,000	0	9,000,000	8,920,559	79,441	99.1%
Depreciation	0		0	779,678		
Total Recurrent Expenditure	42,277,000	0	42,277,000	41,557,283	635,253	98.4%
Profit or Loss				(2,305,819)		
Capital Expenditure	Kshs	Kshs	Kshs	Kshs	Kshs	
Website Development	200,000	0	200,000	150,000	50,000	75%
Total Expenditure	200,000	0	200,000	150,000	50,000	75%

Iten Tambach Water and Sewerage Company Ltd
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Note: PFM Act section 164(2) ii and iv requires a County Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available.

However, for public sector entities, the PSASB (PUBLIC SECTOR ACCOUNTING STANDARDS BOARD) has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

Budget notes: Provide explanation of differences between actual and budgeted amounts (10% difference over/ under) Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

19. Notes To the Financial Statements

1. General Information

Iten Tambach Water and Sewerage Company Ltd is established by and derives its authority and accountability from Water Act. The Company is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Kenya. The Company's principal activity is Water Service provision

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

2. Statement of Compliance and Basis of Preparation

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

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

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

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Notes to the financial statements (continued)

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

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

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

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

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

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

ii. Early adoption of standards

Iten Tambach Water and Sewerage Company Limited did not early – adopt any new or amended standards in year under review.

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

Notes to the financial statements (continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land	Nil	0%
Buildings and civil works	40	2.5%
Infrastructure works	40	2.5%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture, meters and fittings	8	12.5%

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

e) Intangible assets

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

f) Amortization and impairment of intangible assets

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

g) Investment property

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

Notes to the financial statements (continued)

Summary of Accounting Policies

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI).

j) Quoted investments

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

Notes to the financial statements (continued)

Summary of Accounting Policies

k) Unquoted investments

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

l) Inventories

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

m) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page 33 of this report.

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

n) Taxation

i) Current income tax

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

o) Deferred tax

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

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

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

p) Borrowing costs

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

Notes to the financial statements (continued)

Summary of Accounting Policies

q) Cash and cash equivalents

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

r) Borrowings

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

s) Trade and other payables

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

Notes to the financial statements (continued)

Summary of Accounting Policies

t) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2024. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

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

w) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 30th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company did not recorded any additional appropriations on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section xxx of these financial statements.

Notes to the financial statements (continued)

Summary of Accounting Policies

x) Service concession arrangements

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

y) Comparative figures

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

z) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to the financial statements (continued)

Summary of Accounting Policies

a) Estimates and assumptions

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

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value for disposal:

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 9.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the financial statements (continues)

6. Operating Revenue

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Water sales	36,190,330	33,576,050
Total	36,190,330	33,576,050

7. Grants Income

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Water sector trust fund (Grants)	0	0
Total	0	0

Iten Tambach Water and Sewerage Company Ltd
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Notes to the financial statements (continued)

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Meter replacement cost	1,490,000	1,436,250
Water bowser	677,590	612,131
Late payment penalty	254,500	254,500
Connection fee	65,000	53,000
Illegal payment penalty	402,880	57,100
Total	2,889,970	2,412,981

9. Other Gains and Losses

	2024-2025	2023-2024
	Kshs	Kshs
Provision for bad and doubtful Receivables b/d	3,492,827	3,504,301
Less Provision for bad and doubtful Receivables c/d	3,321,663	3,492,827
Total	171,164	11,474

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Notes to the financial statements (continued)

10. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary staff on contract	2,551,080	2,232,120
Gross salary on permanent staff	3,617,520	3,225,240
Temporary Wages	9,829,194	9,034,860
Employer's contributions to social security schemes	842,506	640,397
Employer's contributions to pension scheme	508,797	449,772
Provision for Gratuity	630,876	1,097,774
Airtime	330,000	0
Staff weekend allowance	1,009,000	832,250
Staff bonus	0	237,000
Housing Levy	239,960	214,092
Nita	26,100	24,800
Total	19,585,033	17,988,305

Notes to the financial statements (continued)

11. General and Operations Expenses

Description		2024-2025	2023-2024
		Kshs	Kshs
Electricity		644,009	510,735
Chemicals		3,662,800	3,042,800
Fuel, oil, lubricant and gases		2,105,705	2,521,976
Office Supplies		408,660	236,270
Uniform and protecting clothing		10,800	121,900
Telecommunication		143,370	528,120
Insurance		35,000	62,000
Domestic Travelling and subsistence		1,692,600	1,458,796
Staff training and development		58,000	125,914
Banks Charges		124,318	113,514
Provision for Audit fees		232,000	232,000
Licensing and levies		1,813,335	1,706,141
Hospitality expenses		461,580	446,030
Conservation expenses		61,000	71,972
Annual subscription		170,736	150,800
Annual Returns		0	20,000
Kra penalty		0	60,000
Total		<u>11,623,913</u>	<u>11,408,968</u>

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Notes to the financial statements (continued)

12. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman Honoraria	240,000	240,000
Sitting allowances	408,100	849,040
Travel and accommodation	0	0
Total Board Expenses	648,100	1,089,040

13. Maintenance Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Operational & maintenance of water supplies	7,195,559	7,175,238
Motor cycle & Vehicles maintenance	725,600	455,105
Ground Maintenance	438,000	230,325
Electrical Maintenance	297,600	185,600
Office Maintenance	263,800	218,460
Total	<u>8,920,559</u>	<u>8,264,728</u>

14. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	729,683	774,904
Intangible assets	49,995	0
Total Depreciation and Amortization	779,678	774,904

Notes to the financial statements (continued)

15. Property, Plant and Equipment

FY 2024/2025	Filter media	Network extension	Meters & equipments	Computers & related equipment	Office equipment, furniture & fittings	Building	Capital work in progress	Total
Cost Or Valuation								
At July 1, 2023	752,000	20,485,842	2,712,755	505,393	630,056	1,546,490	0	26,632,536
Additions	0	0	0	0	0	0	4,371,601	4,371,601
Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
At June 30, 2024	752,000	20,485,842	2,712,755	505,393	630,056	1,546,490	4,371,601	31,004,137
Depreciation								
At July 1, 2023	752,000	4,916,694	1,818,381	505,533	584,695	309,300	0	8,886,603
Prior year adjustment	0	0	0	0	0	0	0	0
Charge For the Year	0	512,146	178,875	0	45,221	38,662	0	774,904
Impairment Loss	0	0	0	0	0	0		0
Disposal	0	0	0	0	0	0	0	
At June 30, 2024	752,000	5,428,840	1,997,256	505,393	630,056	347,962	0	9,661,507
Net Book Value At June 30, 2024	0	15,057,002	715,499	0	0	1,198,528	4,371,601	21,342,630

Notes to the financial statements (continued)

15 (a) Property, Plant and Equipment (Continued)

FY 2024/2025	Filter media	Network extension	Meters & equipments	Computers & related equipment	Office equipment, furniture & fittings	Building	Capital work in progress	Total
Cost or valuation								
As at 1 July 2024	752,000	20,485,842	2,712,755	505,393	630,056	1,546,490	4,371,601	31,004,137
Additions	0	0	0	0	0	0	2,337,354	2,337,354
Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
As at 30th June 2025	752,000	20,485,842	2,712,755	505,393	630,056	1,546,490	6,708,955	33,341,491
Depreciation								
At July 1, 2024	752,000	5,428,840	1,997,256	505,393	630,056	347,962	0	9,661,507
Charge for the year	0	512,146	178,875	0	0	38,662	0	729,683
Impairment loss	0	0	0	0	0	0	0	0
disposal	0	0	0	0	0	0	0	0
As at 30th June 2025	752,000	5,940,986	2,176,131	505,393	630,056	386,624	0	10,391,190
Net book value								
At June 30, 2025	0	14,544,856	536,624	0	0	1,159,866	6,708,955	22,950,301

Notes to the financial statements (continued)

15 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Network extension	20,485,842	5,940,986	14,544,856
Meters equipment	2,712,755	2,176,131	536,624
Buildings	1,546,490	386,624	1,159,866
	24,745,087	8,503,741	16,241,346

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

	Cost or valuation	Normal annual depreciation charge
Bulk meters and weighing machine	199,895	199,895
Computers and related equipment	1,281,755	1,281,755
Office equipment, furniture and fittings	70,646	70,646
Billing software	1,930,000	1,930,000
Filter media	752,000	752,000
Computers and related equipment	505,393	505,393
Office equipment, furniture, and fittings	630,056	630,056
Total	5,369,745	5,369,745

Notes to the financial statements (continued)

16. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
COST		
At July 1	0	0
Additions	150,000	0
Disposals	0	0
At June 30	150,000	0
AMORTISATION		
At July 1	0	0
Charge for the year	49,995	0
Disposals	(0)	(0)
Impairment loss	(0)	(0)
At June 30	49,995	0
NET BOOK VALUE		
At June 30	100,005	0

Explanatory Notes:

Nature of Intangible Assets:

Represents **capitalized website development costs** (Kshs 150,000), recognized as an asset due to its long-term utility.

Amortization Policy:

Straight-line method over **3 years** (Kshs 49,995/year = 150,000 ÷ 3).

Net Book Value (2025): Correctly calculated as **Kshs 100,005** (150,000 - 49,995).

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Notes to the financial statements (continued)

17. Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables (note (17a))	33,216,631	34,928,265
Deposits and prepayments	46,727	91,345
Guarantee performance	213,940	213,940
Prepaid annual subscription	84,464	0
Gross trade and other receivables	33,561,762	35,233,550
Provision for bad and doubtful receivable	(3,321,663)	(3,492,827)
Net trade and other receivables	30,240,099	31,740,723

17. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	33,216,631	34,928,265
Provision for doubtful receivables	(3,321,663)	(3,492,827)
Net trade receivables	29,894,968	31,435,438
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	2,842,418	3,208,775
Between 30 and 60 days	1,525,443	1,765,944
Between 61 and 90 days	1,122,065	1,518,482
Between 91 and 120 days	1,089,784	1,309,619
Between 121 and 150 days	1,129,057	1,096,418
Between 151 and 180 days	1,049,933	1,058,562
>180 days	24,457,931	24,970,465
Total	33,216,631	34,928,265

Notes to the financial statements (continued)

18. Bank and Cash Balances

	<i>2024-2025</i>	<i>2023-2024</i>
	KShs	KShs
Cash at bank	2,671,636	3,456,759
Mobile money account	20,556	98,374
	2,692,192	3,555,133

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Notes to the financial statements (continued)

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2024-2025	2023-2024
		KShs	KShs
a) Current account			
KCB expenditure	1103220837	16,383	5,397
KCB revenue	1103221019	57,213	16,695
KCB deposit	1102809950	55,670	123,580
Equity revenue	1530270482653	9,729	21,624
Equity WSTF	1530282933273	2,532,641	3,289,463
Mobile money account	943100	20,556	98,374
Grand total		2,692,192	3,555,133

19. Ordinary Share Capital

	2024-2025	2023-2024
	Kshs	Kshs
Authorized:		
5000 ordinary shares of Kshs 20 par value each	100,000	100,000
Issued and fully paid:		
5000 ordinary shares of Kshs. 20 par value each	100,000	100,000

20. Capital Reserve

The capital reserve is kshs **3,976,885**

21. Water Sector Trust Fund (Capital development Fund)

	2024-2025	2023-2024
	Kshs	Kshs
Water sector trust fund (Capital Development fund)	23,310,471	17,149,407
Additional Fund	0	6,161,064
Total	23,310,471	23,310,471

Notes to the financial statements (continued)

Iten Tambach Water and Sewerage Co. Ltd realize some money from Water Sector Trust Fund amounting to kshs 19,253,325 for realizing the following project components under urban project concept (UPC) programme:

- 14 km pipeline extension
- Construction of 1 no. closed kiosk
- 10 zonal meters and 150 consumer meters
- Administration costs and accompanying measures to the project

The water sector trust fund has already released the first disbursement of kshs 6,161,064 after our request

Notes to the financial statements (continued)

22. Retained Earnings of Kshs 2,175,727

The retained earnings represent amounts available for is not enough to distribute to the *Iten Tambach Water and Sewerage Company Limited* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

Iten Tambach Water and Sewerage Company Ltd
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Notes to the financial statements (continued)

23. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Rift valley water services board	7,473,591	7,473,591
Water services regulatory board	7,287,483	5,839,874
Water regulatory Authority	1,262,318	896,600
Office of auditor general –audit fee	3,016,000	3,016,000
Customers deposit	6,890,200	6,687,200
Electricity	57,958	123
Land rent	45,200	45,200
Weekend and overtime allowance	98,250	0
Gratuity	0	565,769
Pre- paid water sale	288,514	245,227
Total	26,419,514	24,769,584

Aging Analysis for Trade and other Payables

	2024-2025	% of the total	2023-2024	% of the total
Under one year	2,258,057	8.5%	2,145,660	8.7%
1-2 years	3,645,660	13.8%	4,279,800	17.3%
2-3 years	6,279,800	24.8%	6,888,659	27.8%
Over 3 years	14,235,997	53.9%	11,455,465	46.2%
Total	26,419,514		24,769,584	

Notes to the financial statements (continued)

24. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Customer deposits	6,890,200	6,687,200
Prepayments by customers	288,513	245,227
Total	7,178,713	6,932,427

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025	% of the total	2023-2024	% of the total
Under one year	358,936	5%	346,621	5%
1-2 years	459,438	8%	388,216	7%
2-3 years	1,076,807	15%	1,039,864	15%
Over 3 years	5,283,532	72%	5,157,726	73%
Total	7,178,713		6,932,427	

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Notes to the financial statements (continued)

25. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(2,305,819)	(3,525,440)
Depreciation	729,683	774,904
Amortization	49,995	0
Add Prior adjustment	0	0
(Gain)/loss on disposal of property, plant and equipment	0	0
Operating profit/(loss) before working capital changes	(1,526,141)	(2,750,536)
Working capital changes:		
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables	1,500,624	32,209
Increase/(decrease) in trade and other payables	1,649,930	2,535,805
Cash generated from/ (used in) operation	1,624,413	(182,522)
(b) Analysis of cash and cash equivalents		
Short term deposits		
Cash at bank	2,692,192	3,555,133
Cash in hand	0	0
Balance at end of the year	2,692,192	3,555,133

Notes to the financial statements (continued)

Other Disclosures

26. Related Party Disclosures

County Government of Elgeyo Marakwet

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

Other related parties include:

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

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Water sales to Govt. agencies	6,112,130	3,549,560
Total	6,112,130	3,549,560
b) Grants from the Government		
Grants from National Govt Agencies	0	0
Total	0	0

Notes to the financial statements (continued)

27. Financial Risk Management

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

i) Market risk

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

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

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

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

Notes to the financial statements (continued)

ii) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	2,175,727	4,481,546
Capital reserve	27,387,356	27,387,356
	0	0
Total funds	29,563,083	31,868,902
Total borrowings	26,419,514	24,769,584
Less: cash and bank balances	(2,692,192)	(3,555,133)
Net debt/(excess cash and cash equivalents)	23,727,322	21,214,451
Gearing	80%	67%

28. Incorporation

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

29. Events After the Reporting Period

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

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20. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion				
Property, Plant and Equipment	<i>The statement of financial position reflects property, plant, and equipment balance of Kshs.17,745,933 under Note 13(a) to the financial statements includes buildings balance of Kshs.1,237,191. It was however found out that the value of land on which these buildings have been put up has not been disclosed in the financial statements and do not form part of the property, plant and equipment movement schedule as disclosed under Note 13(a). Further, the title deeds confirming ownership</i>	<i>We concur with the findings that the value of land has not been disclosed in the financial statement. This is because the company has no title deed of ownership of the land. Therefore, the company is not able to proceed with valuation and recognize the same in its books. This parcel of Land belongs to Sirikwa County Council as evidenced by the attached searches certificate, it was reserved for Iten primary under parcel No. 404 of which four other government institutions including ITWASCO were later included. The process of subdividing the parcel is on course and the County Government Department of water and Company are making follow-ups with a view to</i>	In progress	Financial year 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of the land by the company were not provided for audit verification. Risks(s): (i) The non-disclosure of land in the financial statements implies that the value of property, plant and equipment in the financial statements is misstated. (ii) In absence of the title deeds, it was not possible to determine whether the land on which the building structures lie are owned by the company. Recommendation(s): The Management should provide the title documents for the land.	resolving this matter once and for all. Attached herewith		
Assets with Nil Book value	(iii) The statement of financial position reflects non-current assets balance of Kshs.21,342,630 under Note	We concur with your findings that during audit exercise, that most of item had been fully depreciated and still in use and we have not revalued or disposed. The	Not resolved	Only availability of fund we go ahead

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>13(a) includes property, plant and equipment amount of Kshs.21,342,630. It was however observed that property, plant and equipment with historical cost of Kshs.3,422,300 as detailed below had been fully depreciated/a mortized but was still in use, and was not included in the value of property, plant and equipment as they had neither been revalued or disposed as at 30 June, 2024.</i>	<i>management is planning to revalue or dispose after getting approval from the board.</i>		
<u>1.0 Trade Receivable</u>	<i>The statement of financial position reflects trade and other receivables balance of Kshs.31, 740,723 under Note 15(a) to the financial statements as at 30th June, 2023. However, included in the amount is a bill amounting to Kshs. 34,928,265 whose credit period has expired or exceeded the normal credit period of</i>	<i>It is true that bills totalling to Kshs 34,928,265 As reported had been pending for more than fifteen (15) days from the date of billing. The management have suggested some measure to reduce debts; The management have introduced a mechanism of collecting debts by</i>	Partially Resolved	Continuous exercise

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>15 days and therefore contravening section 12.4 of the Iten Tambach Water and Sewerage Company Limited Finance Regulation and Procedures Manual 2019 stating that normal credit period</i>	forming two teams headed by Zonal managers with a team leader of revenue collection and disconnection, they go house to house negotiating on how to pay by signing a short agreement template to be signed by the team leader and customer on payment plan, if the agreement is defaulted by customer, water is disconnected by disconnection team Secondly, customers' huge bills and government institution the zonal managers inform them to avail themselves at main office on how to pay their bills. Usually we serve them with disconnection notice for seven days if not responded we disconnected from main. However, with a smart billing system in an effort to automate billing. This will go a long way in ensuring the bills are paid by customers promptly after getting a short message of billed consumption. Finally, the management requested the board of directors on an option of engaging with debt revenue collector,		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		whereby we are going to have contractual agreement and will be paid commission based on revenue collected. In conclusion, debt recovery policy has been finalized and we are implementing.		
Key Audit Matters				
1. 1.0 Long Outstanding Trade And Other Payables	The statement of financial position reflects trade and other payables balance of Kshs.24,769,584 as disclosed Note 22 to the financial statements. The ageing analysis for trade and other payables provided for audit review revealed that out of the total trade and other payables balance of Kshs. 24,769,584, a balance of 11,455,465 which includes provision for audit fees balance of Kshs.3,016,000, was more than three (3) years old. In the circumstances, the effectiveness of internal controls on the management of bank accounts could not be confirmed.	We recognize the importance of addressing the issue of long outstanding trade and other payables, and the need to comply with the relevant accounting standards and regulations. To address these issues, we propose the following actions: Debt Payment Plan: We have developed a comprehensive debt payment plan to settle outstanding debts, including the provision for audit fees. The plan will prioritize payments based on the age and criticality of the outstanding amounts, and outline clear timelines for settling these debts. Review of Payables: We will engage with the creditors to negotiate on payment	Partially resolved	Financial Year 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>terms and seek possible extensions or restructuring of debts where necessary.</i> <i>Financial Assessment and Planning:</i> <i>We will implement strict budgetary controls to prevent accumulation of overdue payables in the future budget</i> <i>Enhanced Financial Reporting:</i> <i>We will ensure that all outstanding payables, including long-term payables, are accurately disclosed in the financial statements.</i> <i>We will provide additional disclosures when necessary to give a clear and fair representation of the Company's financial position.</i> <i>By implementing these measures, we aim to improve our payables management and ensure compliance with the applicable accounting standards and regulations. Thank you for bringing this matter to our attention, and we will take prompt action to</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		address it.		
3.0 Non-revenue Water	The statement of profit or loss and other comprehensive income reflects operating revenue- water sales amount of Kshs. 33,576,050 as disclosed in Note 6 to the financial statements. Records provided for audit review indicated that the Company produced a total of 726,197 cubic meters (M3) of water during the year under review out of which, 497,732 cubic meters (M3) of water was billed to customers for Kshs. 33,576,050 while the balance of 228,465 cubic meters (M3) or approximately 31% of the total volume of water produced represented non-revenue water. This was contrary to WASREB guidelines which sets the acceptable level of non-revenue water at 25% of the total water production. The volume of 46,916 cubic meters(M3) or approximately 6% above the allowed loss of 25% prescribed, billed at an average rate of Kshs.67.46 per cubic meter(M3)	We acknowledge the observation regarding the high level of non-revenue water and understand the importance of addressing this issue to ensure financial sustainability and operational efficiency of the Company. To address this issue, we propose the following actions: <i>Investigation of Water Losses:</i> We will conduct a thorough investigation to identify the root causes of the high level of non-revenue water. This investigation will include a detailed assessment of the water distribution system to identify leaks, illegal connections, and other potential sources of water loss. <i>Repair and Maintenance Program:</i> We will implement a comprehensive repair and maintenance program to address identified leaks and other issues in the	Not Resolved	Continuous Exercise

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>resulted in loss of sales estimated at Kshs.3,164,864.</i> <i>In the circumstances the significant level of non-revenue water had a negative impact on the Company's profitability and could affect sustainability of its operations.</i>	<i>water distribution system. This program will prioritize areas with the highest levels of water loss and ensure prompt and effective repairs.</i> <i>Customer Engagement and Awareness:</i> <i>We will engage with customers to raise awareness about the importance of water loss and the impact of non-revenue water on the Company's operations. Encourage customers to report leaks and illegal connections. Through our hotline numbers: 0743286720/0743286175</i> <i>Regular Audits and Inspections:</i> <i>We will conduct regular audits and inspections of the water distribution system to ensure that all components are functioning efficiently and that any potential sources of water loss are promptly addressed. Also, we have established a dedicated team responsible for conducting these audits and inspections on a day to day basis</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>Collaboration with Regulatory Bodies:</i> <i>We will collaborate with the Water Services Regulatory Board (WASREB), Elgeyo Marakwet County Government and other relevant authorities to ensure compliance with non-revenue water benchmarks and to seek guidance on best practices for reducing water losses.</i> <i>Performance Monitoring and Reporting:</i> <i>We will establish key performance indicators (KPIs) to monitor the effectiveness of the measures implemented to reduce non-revenue water. Regularly review and report on the progress made in achieving the targeted levels of non-revenue water.</i> <i>By implementing these measures, we aim to significantly reduce the level of non-revenue water, improve the Company's profitability, and ensure sustainability of our operations. Thank you for bringing this</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>matter to our attention, and we will take prompt action to address it.</i>		

Name: Paul Yator

Signature 

Managing Director

Date 21/10/2025

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Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
KAPSIO/KARIOBANGI WATER PROJECT-UPC 8 TH CALL	08W/ELGEYO MARAKWET/ITEN/48	WATER SECTOR TRUST FUND	1 YEAR		YES	YES

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	KAPSIO/KARIOBANGI WATER PROJECT-UPC 8 TH CALL	19,253,325	6,708,955	45%	19,253,325	14,922,465.15	WATER SECTOR TRUST FUND AND WATER SERVICE PROVIDER

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Appendix III- Inter-Entity Confirmation Letter

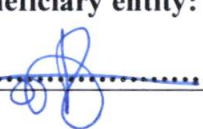
ITEN TAMBACH WATER AND SEWERAGE COMPANY LIMITED

The *Water Sector Trust Fund* wishes to confirm the amounts disbursed to you as at 04th March 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Iten Tambach Water and Sewerage Co. Ltd as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Water Sector Trust Fund (KShs) as at 30 th June 2025				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	04/03/2024	0	6,161,064	0	6,161,064	0	6,161,064
Total		0	6,161,064	0	6,161,064	0	6,161,064

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

Head of Accountants department of beneficiary entity:

Name: Paul Yator Sign  Date 21/10/2025

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Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	0	Recurrent	0	0	0	0	0	0	0
Water Sector Trust Fund	04/03/2024	Development	6,161,064	0	6,708,955	0	0	1,500,000	6,161,064
USAID	0	Donor Fund	0	0	0	0	0	0	0
name of Development partner/County department etc.	0	Direct Payment	0	0	0	0	0	0	0
	0		0	0	0	0	0	0	0
Total			6,161,064	0	6,708,955	0	0	1,500,000	6,161,064