

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**ITEN TAMBACH WATER AND SEWERAGE
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2024**

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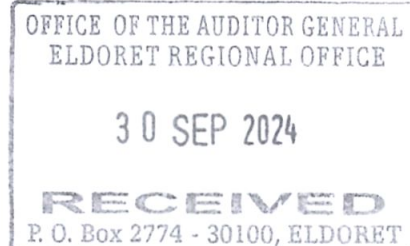
ITEN TAMBACH WATER AND SEWERAGE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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



Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

Table Of Contents	Page
1. Acronyms and Glossary of Terms	ii
2. Key Entity Information	iii
3. The Board of Directors	v
4. Key Management Team	vi
5. Chairman’s Statement	vii
6. Report Of the Managing Director	viii
7. Statement Of Performance Against Predetermined Objectives For FY 2023/2024	x
8. Corporate Governance Statement	xii
9. Management Discussion and Analysis	xiii
10. Environmental And Sustainability Reporting	xiii
11. Report Of the Directors	xv
12. Statement Of Directors’ Responsibilities	xvi
13. Report Of the Independent Auditors for the financial statements of <i>Iten Tambach Water and Sewerage Company Ltd.</i>	xviii
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024.	1
15. Statement Of Financial Position As at 30 June 2024	2
16. Statement Of Changes in Equity for the Year Ended 30 June 2024	3
17. Statement Of Cash Flows for The Year Ended 30 June 2024	4
18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024	5
19. Notes To the Financial Statements	7
20. Appendices	42

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

Provide Acronyms and glossary of terms that appear in this annual report and financial statements.

<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
Annual Report and Financial Statements for the year ended June 30, 2024

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 2021
	Dr. Kiptoo Bilhah	Member	19 th June 2021
	Mr. Koech Kiplimo Isaac	Member	19 th June 2021
	Mr. Alan Chemursoi	Member	19 th June 2021
	Mr. Benson Cheboswony	Member	19 th June 2021
	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/ infoitwasco@gmail.com

Corporate Bankers

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

Equity Bank-Iten Branch
P.O. Box 75104-00200

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024
Nairobi

Nairobi, KENYA

Independent Auditor

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



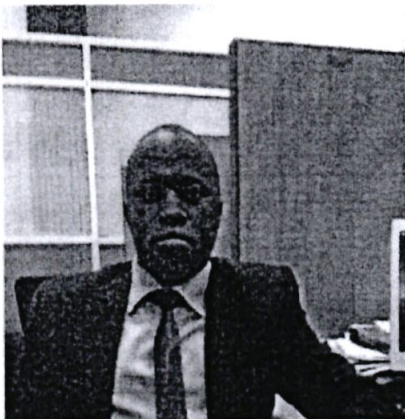



Principal Legal Advisers

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

Iten Tambach Water and Sewerage Company Ltd



Annual Report and Financial Statements for the year ended June 30, 2024

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	-Environmentalist 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 -Degree in PPM -Diploma in Water Engineering -Higher diploma in HRM -Higher diploma in Entrepreneurship	Managing Director

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

4. Key Management Team

PASSPORT	NAME	Qualification	Area of Responsibility
	Mr. Paul Yator	-MBA -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

It gives me great pleasure to present to you the annual report and financial statements for the year ended 30 June 2024. The integrity, responsiveness and sheer determination of the company and its employees was integral in meeting the needs and the expectations of our interested parties in the provision of our product and services. The company was able attend to all its financial requirements and obligations in a timely manner despite budgetary constraints.

The passage of Kenya's 2010 Constitution has had a wide set of implications for the water sector. Primarily, the Constitution acknowledges access to adequate quantity of clean and safe water as a basic human right and assigns the responsibility for water supply and sanitation service provision to counties. The act recognizes that water related functions are a shared responsibility between the national government and the county government.

ITWASCO being a Water Service Provider operates in a regulated environment and keenly follows provision of Water Act of 2016, WASREB guidelines, Public –finance Management (PFM) Act of 2012, Public Finance Management Regulations 2015 and other applicable statutory laws and regulations. The company has operated in a stable environment within its area of jurisdiction. The company has aligned itself to the new provisions as envisioned in the constitution and continued to operate on the dictates as regulated by WASREB, Water Works Development Agencies (WWDA) and the County Government of Elgeyo Marakwet in ensuring commercial viability of its role in Water and sewerage services

The company will continue contributing towards the provision of Water services, which is central to the social and economic development of the country. The availability, or lack of water and sanitation services, thereof, impact on the quality of life of individuals. The key sectors of agriculture, livestock and fisheries, manufacturing and tourism depend on the availability and reliability. The company understands its strategic role to the achievement of the Sustainable Development Goals in water and sanitation by the year 2030.

The greatest desire of ITWASCO is the improvement of access to adequate potable water and sewerage services to the residents of Iten and Tambach town and its environs. Currently, water demand continued to outstrip supply hence necessitating the continuation of rationing programme. The company in its effort to meet its mandate has put in place plans with a view of increasing the water supply.

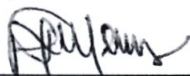
The Board highly appreciates the support given by our shareholders for the continued effort towards turning around the company in fulfilling its mandate. The support of the County Government of Elgeyo Marakwet has allowed the company to continue making critical investments and decisions to ensure future growth.

We also appreciate the role played by the Government of Kenya in policy, guidelines, regulations and financial support

We thank our stakeholders including employees, customers, suppliers, and financiers for their contribution consistent, unwavering support in pursuit of the mission and vision of the company despite the challenges.

We celebrate you all.

Thank you & God bless you all.



Mr. Fredrick K. Kiyeng
Chairman

30/09/2024
Date

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report Of the Managing Director

It is my pleasure to present an overview of our 2023/2024 financial performance, operational highlights and outlook for 2023/2024. Our strategy is firmly on course and we have been able to establish a strong footing in the provision of our product and services. We remain committed to strengthening our position in line with our strategy. The ITWASCO's performance in the year under review was underpinned by a continued focus on operational efficiency, sound corporate governance and a strong control framework.

In the year under review, the company realised a turnover of Kshs 33,756,050 from billing income, Kshs. 2,412,981 from non-billing income.

I am happy to note that over the period, the company maintained a positive cash flow position. The company achieved collection efficiency of an average 100% inclusive of arrears paid by County Government of Elgeyo Marakwet among others during the same period and the company fully complied with the existing regulatory and statutory requirements.

(a) Customer Charter.

During the year, 2012 the Company formulated a Customer Charter, which describes in a clear, concise and simplified way, the service standards customers can expect from us. The formulation of the Charter is a demonstration of the great importance we place on the provision of the highest quality service to customers. The charter expresses **ITWASCO** commitment to giving a courteous, efficient, professional, high quality customer service.

One of the cornerstones of our company's success is customer satisfaction, continuous improved operational efficiency and effectiveness. This calls for a clear understanding and appreciation of the flow and interaction of the process in our company, together with the outcome and parties involved at each stage.

(b) Routing Management Systems

The company has developed routing System which came in effect in July 2022.

The routing Management System is expected to reduce Non-Revenue Water, enhance revenue collection, and improve efficiency in delivery of service to the customer in water distribution such as quick leakage repairs, disconnections & reconnections.

(c) The New Sabor Water Project

The company is operating the completion of the Iten Tambach Sabor Water project. This enhanced a continual supply of water in Iten. At the completion of this project later last year, the Company managed to increase water production from 900 m³ to 2,460 m³ daily. The management through the Board of Directors employed extra security water quality personnel and water operator who were deployed to Sabor Treatment plant, Sabor intake and water tank opposite the Kenya Police post County Headquarters Iten

(d) ICT Environment

Pick pay ERP Software for billing and customer relationship management purpose.

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

Report Of the Managing Director (Continued)

Challenges

Water Demand

Water demand continues to outstrip supply hence necessitating the need for continuation of the water rationing programme. There is a shortage of 8,500m³/day in Iten Tambach and its environs. This situation is further aggravated by increased Infrastructural developments including construction and rehabilitation of roads, laying of fibre optic cables, and rehabilitation of storm water drains among others. These activities have caused widespread damages of water and sewerage infrastructure, thus resulting in huge losses to the company.

Debtors

The gross outstanding debts stands at Kshs 34,928,265 (water & cleansing) for the reporting period compared to Kshs 35,043,011 in the last financial year. A significant proportion of these outstanding debts relate to the comprehensive collection. The company has a robust programme to follow up on the debts and has categorized the debtors for ease of follow up. Various other strategies have been developed including the enhancement of collection efforts, exploring more innovative approaches, bringing debt collectors on board among others. Provision for doubtful debts has being decreased by kshs 135,580

Non- Revenue Water

Currently, NRW stands at an average of 32% and the company has put a lot of effort with a view of achieving the benchmark target of 25%.

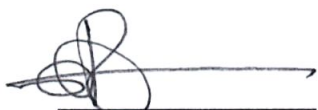
We will establish NRW unit, due to budget constraint we are to place a small allocation to enhance purchase of leak detectors, disciplinary action taken on errant employees, constant raids and arrests, asset management programmes, training, inspection and surveillance of all our existing distribution lines. We will also undertake a pilot programme on smart metering and installation of HDPE pipes within Iten and Tambach towns.

The company will also continue to invest on any emerging technologies and materials in an effort to alleviate the effects of NRW. We belief that reduction of NRW will lead the company to positively influence quality of services, increase in revenue collection, service coverage and essentially long-term commercial viability.

Conclusion

On behalf of the management and staff of **ITWASCO**, I extend our sincere appreciation to our Board, Shareholder, Customers, Regulators and other stakeholders. We shall count on your continued support and commitment as we steer **ITWASCO** to even greater heights to improve on our product and services. The milestones outlined above would not have been possible without your support and understanding.

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



Paul Yator
Managing Director

30/09/2024

Date

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

7. Statement Of Performance Against Predetermined Objectives For FY 2023/2024

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 2018/2019- FY 2023/2024. 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 2020/2021 period for its 5 strategic pillars, as indicated in the below:

- i. Increased water coverage area from 53% in 2019 to 65% by 2024.
- vi. Increased revenue from Kshs. 21 million in 2019 to Kshs. 30 million
- vii. Improved collection efficiency from 85% in 2019 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 2019 to 25% by 2024	<ul style="list-style-type: none"> 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 2024	<ul style="list-style-type: none"> i. Streamlining business processes ii. Eliminate bottlenecks in handling customer fittings iii. Increase customer satisfaction from 70% in 2018 to 85% in 2024.
b) Human Resources Management	To attract and retain skilled and productive staff	<ul style="list-style-type: none"> 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, 2024**

Theme	Objective	Strategy
		<ul style="list-style-type: none"> 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 2018 to 85% in 2024	<ul style="list-style-type: none"> i. Enhance customer relationship management ii. Maintain a 24 hour water supply
3. Financial Sustainability	1. To increase revenue from Kshs. 21 million in 2019 to Kshs. 45 million by 2024	<ul style="list-style-type: none"> 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 2019 to 95% by 2024	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> i. Enhance corporate brand visibility ii. Enhance Corporate Social Responsibility (CSR) iii. Initiate ISO Certification
	2. To enhance good corporate governance	<ul style="list-style-type: none"> i. Adherence to good corporate governance practices ii. Strengthen enterprise risk management (ERM) iii. Enhance internal controls

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

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 IV. 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 Rift Valley 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.

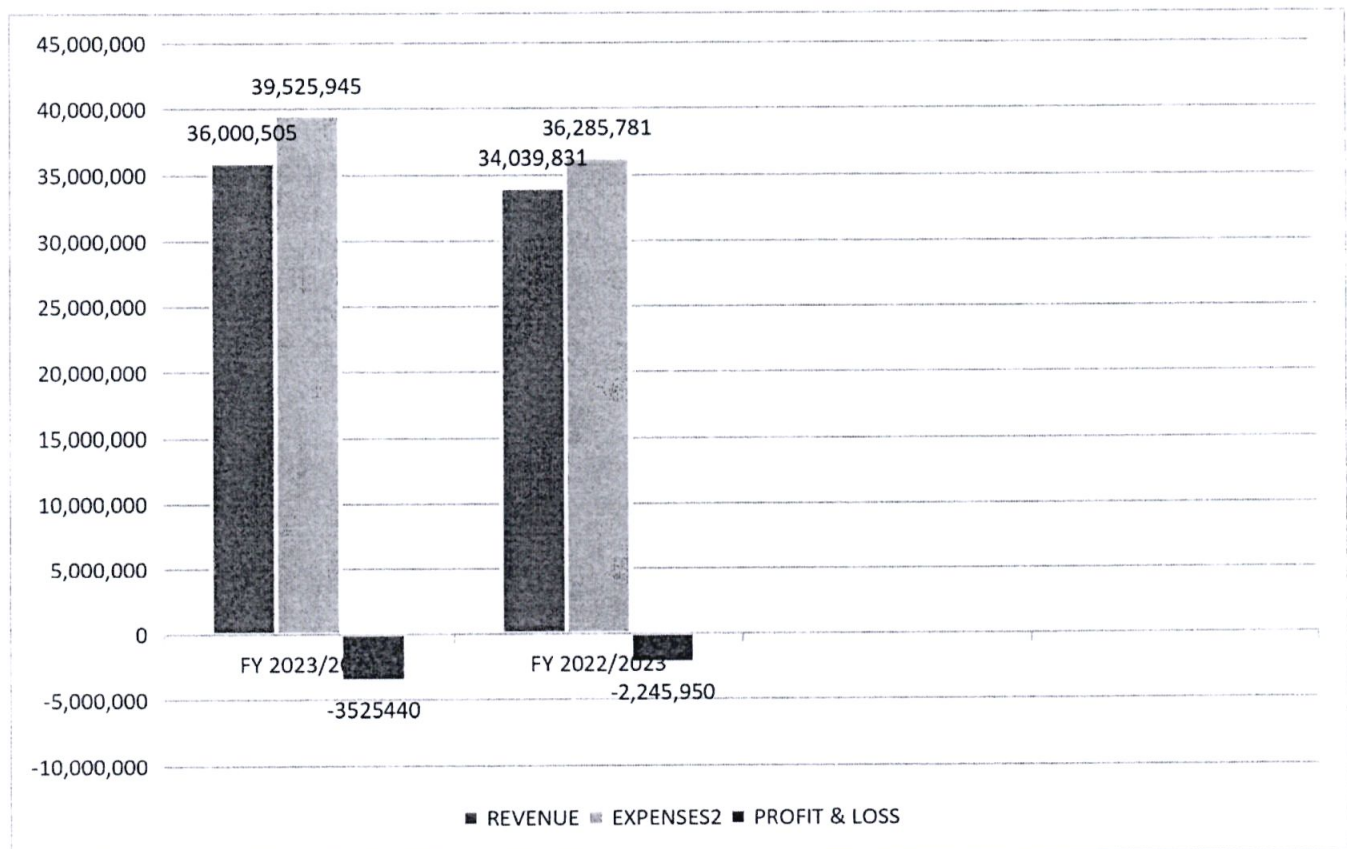
Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

COMMERCIAL PERFORMANCE

During the year, the number of customer connections increased by 68 connections. This was due to Water demand within the area of jurisdiction. The company also managed to bill customers a total of kshs. 35,936,031 and collected total revenue of kshs.36, 539,826 representing collection efficiency of 102%. During the year, there was an increase in total expenditure from Kshs.36, 285,781 to kshs.39, 525,945 representing an increase of kshs.3, 240,164 translating to 9% increase due to staff cost, in an effort to increase number of new customer connections and upgrading of pipe line to HDPE Pipeline it led to increase in operation and maintenance. There was an increase in staff costs from kshs.14, 515,335 to kshs.17, 988,305 hence representing kshs.3, 472,970 translating to 24% increase. This is attributed to yearly incremental, increase in National Social Security Fund, introduction of housing levy and provision of gratuity to pension scheme. The net profit/ (loss) increased by kshs 1,279,490

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.

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

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, 50 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, 2024

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 1,949,200 equating to 5.7% and increase in expenses by kshs 3,240,164 equating to 8.9% respectively. The net profit/ (loss) decreased by kshs 1,279,490

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, the production in Iten increased from 900 cubic per day since the year 2012 to 2460m³ per day because of completion of Sabor Iten-Tambach gravity Water project and consumers have increased. The challenge above is associated with Corona virus experienced from March 2020 to update which affected the operations of the company.


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, 2024 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: **30/09/2024**

Secretary to the Board

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement Of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015- (*entities should quote the applicable legislation under which they are regulated*)) 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, 2024. 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) – Company *should quote applicable legislation as indicated under which they are regulated*).

Iten Tambach Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2024

Statement Of Directors' Responsibilities (Continued)

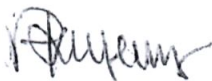
The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2024, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting 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 (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) 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.

Approval of the financial statements

The company financial statements were approved by the Board on **30/09/ 2024** and signed on its behalf by:



.....
Fredrick Kiyeng
Chairperson of the Board



.....
Paul Yator
Managing Director

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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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, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Iten Tambach Water and Sewerage Company Limited set out on pages 1 to 52, which comprise of the statement

Report of the Auditor-General on Iten Tambach Water and Sewerage Company Limited for the year ended 30 June, 2024

of financial position as at 30 June, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Iten Tambach Water and Sewerage Company Limited as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (accrual Basis) and comply with the Public Finance Management Act, 2012, Companies Act, 2015, and the Water Act, 2016.

Basis for Qualified Opinion

1. Property, Plant and Equipment

1.1 Unconfirmed Value and Ownership of Land

As previously reported, the statement of financial position reflects property, plant, and equipment balance of Kshs.21,342,630 which includes buildings balance of Kshs.1,198,528 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.

1.2 Assets with Nil Book Values

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.21,342,630 as disclosed in Note 15 to the financial statements. However, property, plant and equipment with historical cost of Kshs.3,422,300 had been fully depreciated/amortized but were still in use, and were not included in the balance of property, plant and equipment. The assets had neither been revalued or disposed as at 30 June, 2024.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.21,342,630 could not be confirmed.

1.3 Unsupported Ordinary Share Capital of the Company

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.41,500,000 and Kshs.36,000,505 respectively resulting to an under-funding of Kshs.5,499,495 or approximately 13% of the budget. Similarly, the Company incurred an expenditure of Kshs.39,525,945 against actual receipts of Kshs.36,000,505 resulting to an over-expenditure of Kshs.3,525,440 or approximately 9% of the receipts. Further, the budget is unbalanced.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Other Information

The Directors are responsible for the other information set out on pages (ii) to (xvii) which comprise of Acronyms and Glossary of Terms, Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental

and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Revenue Water

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) resulted in loss of sales estimated at Kshs.3,164,864.

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.

2. Staff Establishment and Non-Compliance with the Law on Ethnic Composition.

The statement of profit or loss and other comprehensive income reflect staff costs amount of Kshs.17,988,305 as disclosed in Note 10 to the financial statements. Review of the staff records revealed that the Company did not have an approved staff establishment, to

guide on recruitment and placement of staff contrary to Section 2.1 of Iten Tambach Water and Sewerage Company Human Resource Policy and Procedure Manual which states that all appointments shall be made with approval of the Managing Director or the Board as may be applicable and appropriate and shall be within the staff establishment.

In addition, review of personnel records provided for audit revealed that the Company had six (6) directors and a total of forty-eight (48) employees serving on permanent, contract and temporary terms. However, all or 100% of the Board of Directors and the other staff are from the same ethnic community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall 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. Board of Directors

Review of the records provided revealed that Board of Directors comprised of five (5) members out of which four (4) Board Members or about 80% are from 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.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.31,740,723 as disclosed in Note 16 to the financial statements. However, it was noted that gross trade and other receivables amounting to Kshs.34,928,265 (Note 16a) which were gross receivables (before lessening the provision for bad debts) had exceeded the normal credit period of fifteen (15) days. This was contrary to section 12.4 of the Iten Tambach Water and Sewerage Company Limited Finance Regulations and Procedures Manual, 2019 which state that the normal credit period shall be fifteen (15) days from the date of billing.

In the circumstances, recoverability of the trade and other receivables totaling Kshs.34,928,265 is in doubt.

2. Bank and Cash Balances

The statement of financial position reflects bank and cash balances of Kshs.3,555,133 as disclosed in Note 17 to the financial statements. Review of records provided for audit revealed that the Company had a dormant bank account. However, no explanation was provided on why Management has continued to maintain a dormant account.

In the circumstances, Management of the Company's bank and cash balances could not be confirmed.

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.24,769,584 as disclosed in 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 Kshs.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,

4. Employee Code of Conduct

Review of the Human Resource Records revealed that Management had not promulgated a code of conduct for its employees. Further, the Company did not have in place Human Resources Policy and Procedures Manual.

In the circumstances, the staff of the Company may lack guidelines on behavioral standards for professional conduct and disciplinary processes.

5. Risk Management Policy

Review of records provided for audit review revealed that the Company did not have in place Risk Management Policy. This was contrary to the Regulation 158(1) of Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and that the County Government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, in the event of a disaster, the Company may not be able to recover.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on page (vx) is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 28 has been properly prepared in accordance with the Companies Act, 2015.

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 Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Iten Tambach Water and Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024.

	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue			
Operating Revenue	6	33,576,050	30,551,408
Grants Income	7	0	0
Other Income	8	2,412,981	3,341,369
Other gains/(losses) Decrease in Provision of trade receivable	9	11,474	147,054
Total Revenue		36,000,505	34,039,831
Expenses			
Staff Costs	10	17,988,305	14,515,335
General and Operations expenses	11	11,408,968	10,967,609
Board Expenses	12	1,089,040	1,353,062
Maintenance Expenses	13	8,264,728	8,459,850
Depreciation and Amortization expenses	14	774,904	989,925
Total Expenses		39,525,945	36,285,781
Profit/(Loss) Before Taxation		(3,525,440)	(2,245,950)

Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024

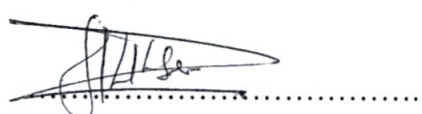
15. Statement Of Financial Position As at 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	15	21,342,630	17,745,933
Total non-current assets		21,342,630	17,745,933
Current assets			
Trade and Other receivables	16	31,740,723	31,772,932
Bank and Cash Balances	17	3,555,133	1,948,192
Total non-current assets		35,295,856	33,721,124
Total Assets		56,638,486	51,467,057
Equity and liabilities			
Capital and Reserves			
Ordinary Share Capital	18	100,000	100,000
Capital Reserve	19	3,976,885	3,976,885
Water Sector Trust Fund-(Capital Development Fund)	20	23,310,471	17,149,407
Retained Earnings	21	4,481,546	8,006,986
Capital and Reserves		31,868,902	29,233,278
Current liabilities			
Trade and Other Payables	22	24,769,584	22,233,733
Total current liabilities		24,769,584	22,233,779
Total equity and liabilities		56,638,486	51,467,057

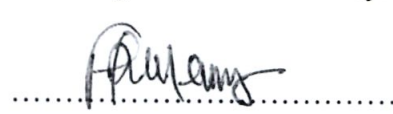
The financial statements were approved by the Board on 30/09/ 2024 and signed on its behalf by:



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.
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement Of Changes in Equity for the Year Ended 30 June 2024

	Ordinary share capital	Capital reserves	Retained earnings	WSTF-Capital development Fund	Total
Notes 8					
As at July 1, 2022	100,000	3,976,885	7,882,136	17,149,407	29,108,428
Profit and loss for the year	-	-	(2,245,950)	-	(2,245,950)
Prior year adjustment			6,116,678		6,116,678
Prior year adjustment			(3,745,878)		(3,745,878)
WSTF Fund	-	-	-	-	-
As at June 30, 2023	100,000	3,976,885	8,006,986	17,149,407	29,233,278
As at July 1, 2023	100,000	3,976,885	8,006,986	17,149,407	29,233,278
WSTF-Capital development Fund	-	-	-	6,161,064	6,161,064
Profit and loss for the year	-	-	(3,525,440)	-	(3,525,440)
As at June 30, 2024	100,000	3,976,885	4,481,546	23,310,471	31,868,902

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

Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement Of Cash Flows for The Year Ended 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Revenue		33,576,050	30,551,408
Grants Income		0	0
Other Income		2,412,981	3,341,369
Prior year adjustment		0	6,116,678
Total Receipts		35,989,031	40,009,455
Payments			
Staff Costs		17,988,305	14,515,335
General And Operation Expenses		11,408,968	10,967,609
Board Expenses		1,089,040	1,353,062
Maintenance Expenses		8,264,728	8,459,850
Finance Costs		0	0
Refund Of Customer Deposits		0	0
Total Payments		38,751,041	35,295,856
(Increase)/ decrease in trade and other receivable		32,209	1,504,003
Increase/decrease in trade and other payable		2,535,805	(5,058,512)
Decrease in doubtful debts		11,474	147,054
Net Cash From/ (Used In) Operating Activities	23	(182,522)	1,306,144
Cash Flows from Investing Activities			
Wstf work in progress		(4,371,601)	0
Net Cash From/ (Used In) Investing Activities		(4,371,601)	
Cash Flows from Financing Activities			
WSTF (Capital Development Fund)		6,161,064	0
Net Cash From/(Used In) Financing Activities		6,161,064	0
Increase/(Decrease) In Cash and Cash Equivalentents		1,606,941	1,306,144
Cash And Cash Equivalentents At Beginning Of Year	23	3,555,133	1,948,192
Effects Of Foreign Exchanges Rate Fluctuations			0
Cash And Cash Equivalentents At End of the Year	23	3,555,133	1,948,192

Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024

	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	38,000,000	0	38,000,000	33,576,050	4,423,950	88.4%
Other income	3,500,000	0	3,500,000	2,412,981	1,087,019	68.9%
Other gains	0	0	0	11,474	0	xxx
Total Revenue	41,500,000		41,500,000	36,000,505	5,510,969	86.7%
Expenses						
Staff Costs	18,000,000	0	18,000,000	17,988,305	11,695	96.8%
Board Expenses	1,240,000	0	1,240,000	1,089,040	207,609	87.8%
General and operations Expenses	12,000,000	0	12,000,000	11,408,968	591,032	95.8%
Maintenance	8,500,000	0	8,500,000	8,264,728	235,272	97.2%
Depreciation	774,904	0	774,904	774,904	0	
Total Recurrent Expenditure	41,514,904	0	40,514,904	39,525,945	1,465,450	96.4%
Profit or Loss			985,096	(3,525,440)	4,045,519	

**Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024**

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.

Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024

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 2024.

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	<p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.</p> <p><i>The Company does not issue insurance contracts. / The company is an insurance company. The adoption of IFRS 17 has had the following effects:</i></p> <p><i>Xxx</i> <i>Xxx</i> <i>(Amend as appropriate)</i></p>	Effective for annual periods beginning on or after 1 st January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.</p> <p><i>(entity to state the effect of amendments on their financial statements for the year ended.)</i></p>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting</p>	The amendments are effective for annual periods beginning on or after January 1, 2023.

Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024

Title	Description	Effective Date
in February 2021)	policies. <i>(Entity to state whether this has brought about changes to the accounting policies disclosed)</i>	
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

(The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....)

Iten Tambach Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2024
Notes to the Financial Statements (Continued)

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

Iten Tambach Water and Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2024

(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).

iii. Early adoption of standards

(The entity) 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.

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

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 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 de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Notes to the financial statements (continued)

Summary of Accounting Policies

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

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

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 (*Whichever is applicable*). 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 xxx of this report.

n) Taxation

i) Current income tax

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

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

returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) Deferred tax

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

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

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

p) Borrowing costs

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

q) Cash and cash equivalents

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

Notes to the financial statements (continued)

Summary of Accounting Policies

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, 2023. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1080 per employee per month.

u) Provision for staff leave pay

Employees' are not entitlements to annual leave pay.

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.

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

Summary of Accounting Policies

w) Budget information

The original budget for FY 2023-2024 was approved by the Board of Directors on 28 June 2023. 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 recorded additional appropriations of xxx on the 2023-2024 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, 2024.

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.

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

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 xxx.

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.

(Include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continues)

6. Operating Revenue

	2023-2024	2022-2023
	Kshs	Kshs
Water sales	33,576,050	30,551,408
Total	33,576,050	30,551,408

Billing for other services refers to income generated from services such as reconnection fees, sales of sludge, water analysis samples etc.

7. Grants Income

	2023-2024	2022-2023
	Kshs	Kshs
Water sector trust fund (Grants)	0	0
Total	0	0

(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

8. Other Income

	2023-2024	2022-2023
	Kshs	Kshs
Meter replacement cost	1,436,250	1,387,400
Water bowser	612,131	1,331,869
Late payment penalty	254,500	452,500
Connection fee	53,000	34,600
Illegal payment penalty	57,100	135,000
Total	2,412,981	3,341,369

9. Other gains/(losses) Decrease in provision of trade receivable

	2023-2024	2022-2023
	Kshs	Kshs
Provision for bad and doubtful Receivables b/d	3,504,301	3,651,355
Less Provision for bad and doubtful Receivables c/d	3,492,827	3,504,301
Total	11,474	147,054

10. Staff Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Gross Salary staff on contract	2,232,120	2,145,840
Gross salary on permanent staff	3,225,240	2,001,120
Temporary Wages	9,034,860	8,572,275
Employer's contributions to social security schemes	640,397	216,696
Employer's contributions to pension scheme	449,772	271,008
Provision for Gratuity	1,097,774	0
Acting allowance	0	118,896
Staff weekend allowance	832,250	995,500
Staff bonus	237,000	194,000
Housing Levy	214,092	0
Nita	24,800	0
Total	17,988,305	14,515,335

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

11. General and Operations Expenses

	2023-2024	2022-2023
	Kshs	Kshs
Electricity	510,735	1,162,629
Chemicals	3,042,800	1,692,800
Fuel, oil, lubricant and gases	2,521,976	2,461,296
Office Supplies	236,270	589,010
Uniform and protecting clothing	121,900	25,000
Telecommunication	528,120	449,970
Insurance	62,000	7,500
Domestic Travelling and subsistence	1,458,796	1,552,600
Staff training and development	125,914	10,000
Banks Charges	113,514	112,520
Provision for Audit fees	232,000	232,000
Licensing and levies	1,706,141	1,693,094
Stakeholders expenses	0	96,200
Hospitality expenses	446,030	405,990
Conservation expenses	71,972	68,200
Annual subscription	150,800	378,800
Covid 19	0	30,000
Annual Returns	20,000	0
Kra penalty	60,000	0
Total	<u>11,408,968</u>	<u>10,967,609</u>

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

12. Board Expenses

	2023-2024	2022-2023
	Kshs	Kshs
Directors allowance	849,040	1,113,062
Chairman Honoraria	240,000	240,000
Board of Directors Retreat	0	0
Total	<u>1,089,040</u>	<u>1,353,062</u>

13. Maintenance Expenses

	2023-2024	2022/2023
	Kshs	Kshs
Operational & maintenance of water supplies	7,175,238	6,764,975
Motor cycle & Vehicles maintenance	455,105	931,720
Ground Maintenance	230,325	241,640
Electrical Maintenance	185,600	240,250
Office Maintenance	218,460	281,265
Total	<u>8,264,728</u>	<u>8,459,850</u>

14. Depreciation and Amortization Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant, and equipment	774,904	989,925
Total Depreciation and Amortization	774,904	989,925

Notes to the financial statements (continued)

15. Property, Plant and Equipment

FY 2022/2023	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, 2022	752,000	3,605,720	2,712,755	505,393	630,056	1,546,490	16,880,122	26,632,536
Additions	0	0	0	0	0	0	0	0
Transfers		16,880,122	0	0	0	0	(16,880,122)	0
Disposals	0	0	0	0	0	0	0	0
At June 30, 2023	752,000	20,485,842	2,712,755	505,393	630,056	1,546,490	0	26,632,536
Depreciation								
At July 1, 2022	683,067	658,670	1,639,506	374,860	524,060	270,637	0	4,150,800
Prior year adjustment	0	3,745,878	0	0	0	0	0	3,745,878
Charge For the Year	68,933	512,146	178,875	130,533	60,775	38,663		989,925
Impairment Loss	0	0	0	0	0	0		0
Disposal	0	0	0	0	0	0	0	0
At June 30, 2023	752,000	4,916,694	1,818,381	505,393	584,835	309,300	0	8,886,603
Net Book Value At June 30, 2023	0	15,569,148	894,374	0	45,221	1,237,191		17,745,933

Notes to the financial statements (continued)

Property, Plant and Equipment (Continued)

FY 2023/2024	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 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
As at 30th June 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
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	0
disposal	0	0	0	0	0	0	0	0
As at 30th June 2024	752,000	5,428,840	1,997,256	505,533	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

The work in progress is the implementation of funds from water sector trust fund for network extension, construction of closed water kiosk and purchase of meters as per financing contract

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30, 2024

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
Filter media	752,000	752,000	0
Network extension	20,485,842	5,428,840	15,057,002
Meters equipment	2,712,755	1,997,256	715,499
Computers and related equipment	505,393	505,393	0
Office equipment, furniture, and fittings	630,056	630,056	0
Buildings	1,546,490	347,962	1,198,528
	26,632,536	9,661,507	16,971,029

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

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

16. Trade and Other Receivables

	2023-2024	2022-2023
	KShs	KShs
Trade receivables (note (15a))	34,928,265	35,043,011
Deposits and prepayments	91,345	20,282
Guarantee performance	213,940	213,940
Gross trade and other receivables	35,233,550	35,277,233
Provision for bad and doubtful receivable	(3,492,827)	(3,504,301)
Net trade and other receivables	31,740,723	31,772,932

16. (a) Trade Receivables

	2023-2024	2022-2023
	Kshs	Kshs
Gross trade receivables	34,928,265	35,043,011
Provision for doubtful receivables	(3,492,827)	(3,504,301)
Net trade receivables	31,435,438	31,538,710
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	3,208,775	2,681,580
Between 30 and 60 days	1,765,944	2,120,991
Between 61 and 90 days	1,518,482	1,675,313
Between 91 and 120 days	1,309,619	1,140,463
Between 121 and 150 days	1,096,418	1,235,921
Between 151 and 180 days	1,058,562	854,644
>180 days	24,970,465	25,334,099
Total	34,928,265	35,043,011

Notes to the financial statements (continued)

17. Bank and Cash Balances

	2023-2024	2022-2023
	KShs	KShs
Cash at bank	3,456,759	1,942,782
Mobile money account	98,374	5,410
	3,555,133	1,948,192

Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2023-2024	2022-2023
		KShs	KShs
a) Current account			
KCB expenditure	1103220837	5,397	8,599
KCB revenue	1103221019	16,695	0
KCB deposit	1102809950	123,580	340,374
Equity revenue	1530270482653	21,624	93,774
Equity CLSG	1530280413078	0	547
Equity WSTF	1530282933273	3,289,463	1,499,488
Mobile money account	943100	98,374	5,410
Grand total		3,555,133	1,948,192

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

18. Ordinary Share Capital

	2023-2024	2022-2023
	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

[Provide short appropriate explanations as necessary]

Notes to the financial statements (continued)

19. Capital Reserve

The capital reserve is kshs 3,976,885

20. Water Sector Trust Fund (Capital development Fund)

	2023-2024	2022-2023
	Kshs	Kshs
Water sector trust fund (Capital Development fund)	17,149,407	17,149,407
Additional Fund	6,161,064	0
Total	23,310,471	17,149,407

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)

21. Retained Earnings of Kshs 4,481,546

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

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

22. Trade and Other Payables

	2023-2024	2022-2023
	Kshs	Kshs
Rift valley water services board	7,473,591	7,473,591
Water services regulatory board	5,839,874	4,620,562
Water regulatory Authority	896,600	533,505
Office of auditor general –audit fee	3,016,000	2,784,000
Customers deposit	6,687,200	6,514,700
Electricity	123	55
Lant rent	45,200	45,200
Bank overdraft	0	122
Gratuity	565,769	0
Pre- paid water sale	245,227	262,044
Total	24,769,584	22,233,779

The decrease in amount of kshs 6,116,678 is due to overstated in the previous and adjustment has been done as per journal in Note 16 a

Aging Analysis for Trade and other Payables

	2023-2024	% of the total	2022-2023	% of the total
Under one year	2,145,660	8.7%	1,642,879	7%
1-2 years	4,279,800	17.3%	3,879,800	18%
2-3 years	6,888,659	27.8%	6,456,760	29%
Over 3 years	11,455,465	46.2%	10,254,340	46%
Total	24,769,584		22,233,779	

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

23. Notes to The Statement of Cash Flows

	2023-2024	2022-2023
	KSh	KSh
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(3,525,440)	(2,245,950)
Depreciation	774,904	989,925
Add Prior adjustment	0	6,116,678
(Gain)/loss on disposal of property, plant and equipment	0	0
Operating profit/(loss) before working capital changes	(2,750,536)	4,860,653
Working capital changes:		
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables	32,209	1,504,003
Increase/(decrease) in trade and other payables	2,535,805	(5,058,512)
Cash generated from/ (used in) operation	(182,522)	1,306,144
(b) Analysis of cash and cash equivalents		
Short term deposits		0
Cash at bank	3,555,133	1,948,192
Cash in hand	0	0
Balance at end of the year	3,555,133	1,948,192

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

Other Disclosures

24. Related Party Disclosures

a) County Government of Elgeyo Marakwet

The company was incorporated by the defunct Iten Tambach Town Council which has transited to Elgeyo Marakwet County.

Elgeyo Marakwet County has 100% stake in the Company.

During the year 2023/2024 Company sold water equivalent to kshs 4,314,140 (2022/2023) kshs 4,061,400

As at 30th June 2024 Elgeyo Marakwet County owed the company kshs 3,985,433.75

b) Rift Valley Water Services Board

The defunct Rift Valley Water Services Board, as per Service Provision Agreement the company was supposed to remit 18% of total collection of revenue to the board before the enactment of water act 2016.

The outstanding balance as at 30th June, 2024 was kshs 7,473,591 after prior year adjustment of kshs 6,116,678

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
- Others (specify)

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

Transactions with related parties

	2023-2024	2022-2023
	KShs	KShs
a) Sales to related parties		
Water sales to Govt. agencies	3,549,560	4,314,140
Total	3,549,560	4,314,140
b) Grants from the Government		
Grants from National Govt Agencies	0	0
Total	0	0

Notes to the financial statements (continued)

25. 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.

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

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:

	2023-2023	2022-2023
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	4,481,546	8,006,986
Capital reserve	27,387,356	21,226,292
	0	0
Total funds	31,868,902	29,233,278
Total borrowings	24,769,584	22,233,779
Less: cash and bank balances	(3,555,133)	(1,948,192)
Net debt/(excess cash and cash equivalents)	21,214,451	20,285,587
Gearing	67%	67%

26. Incorporation

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

27. Events After the Reporting Period

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

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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</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</i>	MD	In progress	Financial year 2024/2025

**Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>confirming ownership of the land by the company were not provided for audit verification.</i></p> <p><i>Risks(s):</i></p> <p>(i) <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.</i></p> <p>(ii) <i>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.</i></p> <p><i>Recommendation(s):</i></p> <p><i>The Management should provide the title documents for the land.</i></p>	<p><i>a view to resolving this matter once and for all. Attached herewith</i></p>			
<p><i>Assets with Nil Book value</i></p>	<p>(iii) <i>The statement of financial position reflects non-current</i></p>	<p><i>We concur with your findings that during audit exercise, that most of item had been fully depreciated and</i></p>	<p><i>Management</i></p>	<p><i>Not resolved</i></p>	<p><i>Only availability of fund we go ahead</i></p>

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>assets balance of Kshs.17,745,933 under Note 13(a) includes property, plant and equipment amount of Kshs.17,745,933. 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, 2023.</i></p>	<p><i>still in use and we have not revalued or disposed. The management is planning to revalue or dispose after getting approval from the board.</i></p>			
<p>Unsupported Ordinary Share Capital</p>	<p><i>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. However, the Management did not provide share</i></p>	<p><i>It is true that the share certificate was not availed during audit, the shareholding according to the Memorandum and Article of Association was shared by Iten Tambach Town council</i></p>	<p>MD</p>	<p>Not Resolved</p>	<p>Financial Year 2024/2025</p>

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>certificate and share register to enable confirmation of ownership of the shares.</i></p> <p><i>Cause</i></p> <p><i>Cause has not been explained</i></p> <p><i>Risk</i></p> <p><i>The value and ownership and shareholding of the Company could not be confirmed.</i></p> <p><i>Recommendations</i></p> <p><i>The Management should provide the share register for verification.</i></p>	<p><i>of P.o Box 53-30700 Iten and Rift Valley Water Services Board of P.o Box 2451-20100 Nakuru with 51 and 49 percent respectively.</i></p> <p><i>Iten Tambach town council paid the said amount of kshs 100,000 on 16/11/2012 via a cheque no. 001999 to Iten Tambach Water and Sewerage Co. Ltd in respect of 5000 shares with par value of kshs. 20 each.</i></p> <p><i>After 2010 constitution, the shareholding changed fully to county government of Elgeyo Marakwet.</i></p> <p><i>Therefore, the management are in process of effecting the changes. Attached herewith documents.</i></p>			
<p>1.0 <u>Trade Receivable</u></p>	<p><i>The statement of financial position reflects trade and other receivables balance of Kshs.31,538,710 under Note 15(a) to the financial statements as at 30th June, 2023. However, included in the amount is a bill amounting to Kshs. 35,043,011 whose credit period has expired or exceeded the</i></p>	<p><i>It is true that bills totalling to Kshs 35,043,011 As reported had been pending for more than fifteen (15) days from the date of billing.</i></p> <p><i>The management have suggested some measure to reduce debts;</i></p> <p><i>The management have introduced a mechanism of</i></p>	<p>Paul Yator (Managing Director Office)</p>	<p>Partially Resolved</p>	<p>Continuous exercise</p>

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>normal credit period of 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></p>	<p><i>collecting debts by 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</i></p>			

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>engaging with debt revenue collector, 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.</i></p>			
Key Audit Matters					
1.0 Regulator y Levies	<p><i>The statement of financial of financial position reflects payables, provisions and accruals totalling Kshs. 21,456,077 as further disclosed in Note 12 to the financial statements. The balance includes regulatory levies totalling Kshs. 14,918,620 out of which Kshs. 10694,910 relate to 2017/2018 and earlier financial years. Records on the levies indicated that they were owed to Rift Valley Water Services Board. Management did not explain the failure to pay the levies which may attract penalties. Further, the reported balance was higher by Kshs 7,440,137 from the sum of Kshs. 7,478,483 reported as owed by the company in the books of agency. No explanation was provided by</i></p>	<p><i>We concur with the findings that the figures of regulatory levies varies with balance of Rift Valley Water Services Board, it come to our realization that with the operationalization of the Water Act 2016 and the transfer of the ownership of Water Service Providers to County Government this necessitated that there would be no more payment to the Water Service Board. As at 20th September 2016 the gazette of the Water Act 2016, our records reflected that we owed the Water Service Board Kshs7,473,591, which almost in agreement with amount reflected by the Water Board as the amount owed by the company It therefore, implies that the company</i></p>	Jeremiah K. Kigen (CM)	Partially resolved	Financial Year 2024/2025

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>management for the anomaly. In the circumstances, the accuracy and validity of the regulatory levies balance totalling 30 June, 2019 could not be confirmed.</i>	<i>recognizes a liability amount of Kshs 6,116,678, which ought not to be reflected in our books As a corrective measure, the company is going to pass Journal entries in 2022/2023 Financial year which due by way of prior year adjustment.</i>			
Retained Earnings	<i>The statement of changes in equity reflects retained earnings balance of Kshs 8,006,986 after prior year adjustment of Kshs 3,745,878. However, the comparative amount was not restated and nature and amount of the prior period error corrected disclosed as required by IPSAS 3 which requires an entity to correct material prior year errors by restating the comparative amount for the prior periods presented in which the error occurred.</i>	<i>It is true that the prior year was not restated as by the standard by the prior year was disclosed as by the requirement. It was only by error that we never restated the figure</i>			
2.0 Provision for Audit Fees	<i>Included in the payables provision and accruals of Kshs.24, 548,079 reflected in the statement of financial position and note 12 to the financial statements is provision for audit fees of Kshs.2, 232,000</i>	<i>It is true that there was an oversight during audit concerning provision for audit fees which has been increasing due non-payment, the management of Iten Tambach Water and</i>	Jeremiah K. Kigen (Accountant)	Not Resolved	Financial Year 2024/2025

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>which include Kshs.2,088,000 relating to 2019/2020 and earlier years. However, no explanation has been provided for not paying the audit fees.</i>	<i>Sewerage Company is committed to pay audit fees in this financial year 2019-2020. The managing director committed even having a standing order with the office of auditor general with agreed amount which could not constraint the budget.</i>			
3.0 Non-revenue Water	<i>The statement of profit or loss and other comprehensive income reflects use of water of Kshs.30,551,408 for the year ended 30 June 2023. Records availed for audit review indicates that the company produced a total of 724,532 cubic meters (M3) of water during the year under review out of which, 494,732 cubic meters (M3) of water was billed to customers for Kshs.30,551,408 while the balance of 229,799 cubic meters (M3) or approximately 32% of the total volume of water produced represents non-revenue water. The balance of 229,799 cubic meters (M3) for non-revenue</i>	<i>It is true that during the year ITWASCO produced 724,532 cubic meters (m3) of water. However, out of this volume, only 494,732m3 was billed to customers. The balance of 229,799 m3 or approximately 32% of total volume represented Non-Revenue Water (NRW) which is 7% over and above the allowable loss of 25% in accordance with the Water Services Regulatory Board guidelines. The company is therefore still committed to reducing this by employing more resources to work on the challenges resulting in such unaccounted-for water and these measures include: - i. Proposals to Water Trust Fund to</i>	Zonal Manager (Technical Manager) Jeremiah K. Kigen (Commercial Manager)	Not Resolved	Continuous Exercise

**Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>water included a volume of 50,717 cubic meters (M3) or approximately 7% which was over and above the allowable loss of 181,133 cubic meters (M3) or 25% of the total production prescribed in the guidelines issued by the Water Service Regulatory board.</p> <p>The significant level for non-revenue water of 50,717 cubic meters (M3) or 7% of total water billed at an average rate of Kshs.61.75 per cubic meter (M3) resulted in loss of sales estimated at Kshs.3,131,775 which had a negative impact on the company's profitability and could affect sustainability of its operations.</p>	<p>finance purchase of water meters through Urban Project Concept to reduce unmetered connections and replace faulty meters.</p> <p>ii. The company in collaboration with the County Government of Elgeyo Marakwet has increased the number of metered connection and is planning to purchase more water meters to reduce NRW. (Refer Annex 4)</p> <p>iii. The Company has put in place a system through a company managed hotline numbers for the public to report any leakage bursts, illegal connections and self-reconnections.</p> <p>iv. In addition to maintaining the line, the patroller team of pipefitter's repairs reported leakages, bursts and assists in eliminating illegal connections and reconnections promptly whenever identified and reported.</p> <p>v. The company already had installed 200 No consumer meters which was funded by County Government of Elgeyo Marakwet</p> <p>vi. Also, the</p>			

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>county government already has installed master meters in each zone to account for NRW.</i></p> <p><i>vii. Effective Meter Reading: - Meters are read using a smartphone on site and uploaded automatically into a billing database. The database then runs checks to identify anomalies that would suggest an erroneous reading. The smartphone is also used to take a photograph of the meter when it is read, which enables anomalies to be resolved without a further site visit, but also provides a means to check that the meter has been actually read. This system provides an effective means of monitoring both consumption and meter readers performance.</i></p> <p><i>viii. Establishment of District Metered Areas (DMAs): - Creating DMAs has been long established as a key tool to manage leakages through reconciling DMA flows by comparing the monthly water balance with the leakage assessment; and Provision of</i></p>			

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>appropriate incentives to customers and staff who report illegal connections. Attached herewith documents</i>			

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

Name PAUL YASOR
 Signature 
 Managing Director
 Date.....30/09/2024

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's commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of the reporting period, i.e., total costs incurred, stage which the project is etc.)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1						
2						
3						

**Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024**

Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

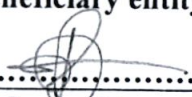
[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 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 <i>[Insert name of beneficiary entity]</i> as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30 th June 20xx				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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 25/07/2024

Appendix IV: Reporting of Climate Relevant Expenditures

Iten Tambach Water and Sewerage Company Ltd.
Annual Reports and Financial Statements
For the year ended June 30 2024

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

Appendix V: Reporting Disaster Management Expenditure

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

(Attach forms from each transferring Government entity.)

Iten Tambach Water and Sewerage Company Ltd.
 Annual Reports and Financial Statements
 For the year ended June 30, 2024

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 Transfer s during the Year
				Statement of Comprehensive Income	Capital Fund	Deferre d Income	Receivable s	Others - must be specifi c	
Ministry/County department of Water	0	Recurrent	0	0	0	0	0	0	0
Ministry/County Department of water.	0	Development	0	0	0	0	0	0	0
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			0	0	0	0	0	0	0