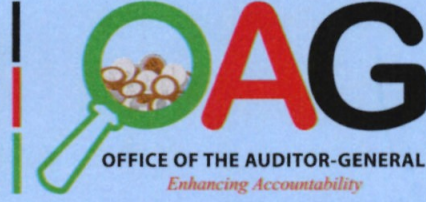


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**ELDORET WATER AND SANITATION  
COMPANY LIMITED**

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

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ELDORET WATER & SANITATION CO. LTD

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**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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



**Eldoret Water and Sanitation Company Limited**  
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**1. ACRONYMS AND GLOSSARY OF TERMS**

ICPAK	Institute of certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Directors
PFM	Public Financial Management
WASREB	Water Service Regulatory Board
WRA	Water Regulatory Authority
LVNWWDA	Lake Victoria North Water Works Development Agencies
NRWWDA	North Rift Water Works Development Agencies
CCUG	County Government of Uasin Gishu
ELDOWAS	Eldoret Water and Sanitation Co. Ltd
DMA	District Meter Area
EIWF	Eldoret Iten Water Fund

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**2. KEY ENTITY INFORMATION**

**Background information**

Eldoret Water and Sanitation Company Limited (ELDOWAS) was incorporated in October 1997 under Companies act 2015 Laws of Kenya. It started its operations in the year 2000. The County Government of Uasin Gishu is the principal shareholder. Under the Water Act 2016, ELDOWAS carries out its functions as a Water Services provider under the license provided by Water Sector Regulatory Board (WASREB).

**Principal Activities**

The principal activity of the ELDOWAS IS to provide Water and Sewerage Services within Eldoret City and its environs.

**Vision**

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*"A World class provider of Water and Sanitation Services'."*

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**Mission Statement**

The Company's mission statement is:

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*"To provide adequate potable water and sanitation services through innovative technologies and in a cost-effective manner to its stakeholders by a competent and motivated human resource."*

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**Core Values**

The company's core values are;

1. Customer Focus
2. Teamwork
3. Integrity
4. Professionalism
5. Innovativeness
6. Performance

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**Directors**

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

Hon. David Kiptoo Singoei	Chairman	Appointed on 21/12/2023
Ms. Racheal Chepkogei Misoi	Member	Appointed on 21/12/2023
Mr. David Chumba Chemweno	Member	Appointed on 21/12/2023
Mr. Edward Kisaka Nalianya	Member	Appointed on 21/12/2023
Mr. Nathan Kipchirchir Tororei	Member	Appointed on 21/12/2023
Mr. Cliff Kosgei Magugui	Member	Appointed on 21/12/2023
Mr. Francis Kipkoech Chirchir	Member	Appointed on 21/12/2023
Ms. Mary Kerich	Member	Appointed on 20/12/2023
Ms Victorine Kapkiai	Member	Appointed on 24/05/2024
CPA Dr. Lawrence Tanui Melly	Managing Director	Appointed on 01/11/2024

**Management team**

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

CPA Dr. Lawrence Tanui Melly	Managing Director	Appointed on 01/11/2024
Mr. Joseph Maiyo	General Manager Technical Services	Appointed on 01/10/2024
CPA Dr. Sheila Arusei	General Manager Financial Services & Strategy	Appointed on 01/10/2024
Mr. Fredrick Kwambai	General Manager Commercial Services	Appointed on 01/07/2021

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**Registered Office**

ELDOWAS Building

Kampi Somali Road

P.O. Box 8418-30100

Eldoret, KENYA.

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**Corporate/ Company Contact**

Telephone No: 053-2035000

Mobile No: 0724-255-538

Email: [info@eldowas.or.ke](mailto:info@eldowas.or.ke)

Website: [www.eldowas.or.ke](http://www.eldowas.or.ke)

**Corporate Banker**

Standard Chartered Bank of Kenya Ltd

P.O. Box 7-30100

Eldoret, KENYA

**Other Bankers**

1. Kenya Commercial Bank
2. Family Bank
3. Equity Bank

**Independent Auditors**

Auditor-General

Office of the Auditor-General

Anniversary Towers, Monrovia Street

P.O. Box 30084-00100

Nairobi, KENYA

**Principal Legal advisers**

The Attorney General

State Law Office

Harambee Avenue

P.O. 40112- 00200

Nairobi, KENYA

Principal Legal advisers

The County Attorney

Uasin Gishu County

P.O. 40- 30100

ELDORET, KENYA

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**3. THE BOARD OF DIRECTORS**

	<p><b>Name: Hon. David Kiptoo Singoei</b></p> <p>He is a seasoned visionary, encompassing a dynamic blend of leadership prowess, political acumen, business acuity, budget making and financial expertise. With an illustrious career spanning over three decades. He is 63 years old and has a Bachelor's degree in Internal Trade and Finance from Louisiana State University and Agricultural and Mechanical College. He represents the Business Community. He is the board chairman.</p>
	<p><b>Name: Ms. Rachael Chepkogei Misoi</b></p> <p>She is a seasoned banking professional with over 30 years of experience in management, retail &amp; branch operations. An Agribusiness Farmer with a vision of zero-waste sustainable and organic farming. She is 63 years old and has a Bachelor of Science in Leadership and Management (Public Administration option) from Strathmore University and a diploma in Leadership and Management also from Strathmore University. She represents the Women Organization. She is the chairperson of Audit, Risk and Compliance committee</p>
	<p><b>Name: Mr. David Chumba Chemweno</b></p> <p>He is an insightful, pro-active, self-motivated, energetic team player who can adapt to challenging situations and environments. He is 51 years old and has a Bachelor of Science degree in Agricultural Economics from Egerton University. He has served in various Boards and has experience in developing strategic plan and overseeing the overall administration of organizations. He represents the Consumer Residential Association.</p>
	<p><b>Name: Mr. Edward Kisaka Nalinya</b></p> <p>He is a highly experienced professional with 28 years banking experience working at KCB Bank. He has extensive experience in developing operational plans which incorporate goals and objectives, which work towards the strategic direction of a company. He is 63 years old and holds a Masters of Business Administration in Strategy Management from Jomo Kenyatta University of Agriculture and Technology. He holds a Bachelors in Business Administration-Human Resource Management from the Kenya Methodist University. He represents the Manufacturing Community. He is the chairperson of Finance, Strategy, Human Resource and Administration committee</p>
	<p><b>Name: Mr. Nathan Kipchirchir Tororei</b></p> <p>He is a well-recognized Advocate of the High Court of Kenya with over 17 years practice experience, having been admitted to the bar on the 15th of November 2007. He is also a Commissioner of Oaths and a Notary Public. He is 46 years old and holds Bachelor of Laws (LLB) from Moi University and post graduate diploma from the Kenya School of Law. He is the Managing Partner at M/s Tororei &amp; Co. Advocates, a law firm based in Eldoret which specializes in commercial law, land law and legal audit. He has a strong background of devolved system Sector Laws and Policies, constitutional law, governance, human rights and democracy having</p>

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	<p>been a governance and law reform consultant for various sector agencies for over fifteen (15) years. He represents the professional bodies.</p>
	<p><b>Name: Mr. Cliff Kosgei Magugui</b>  He has completed his PhD Program coursework in Strategic Management in Technology from Moi University. He is 64 years old and has a Masters in Management Information Systems and Finance Information Systems from Metropolitan State University, MN. He has a Bachelor of Science degree in Agribusiness Management and Applied Economics from the University of Minnesota, Minneapolis. He represents the Religious Organizations. He is the chairperson of Planning, Operation and Technical committee. He resigned on 20<sup>th</sup> October 2024.</p>
	<p><b>Name: Mr. Francis Kipkoech Chirchir</b>  He is a dynamic professional with over eight years extensive experience in administration and management. He is an effective leader with excellent communication, analytical, team building and management skills. He is currently pursuing his masters in History at Kisii University. He is 43 years old and has a Bachelor's degree in Education from Mount Kenya University. He represents the Professionals Bodies.</p>
	<p><b>Name: Ms. Mary Kerich</b>  She has over 15 years of expertise in teaching and administration management. Has extensive knowledge and hands-on experience in her area of expertise. Her experience in working with government ministries, the public sector, the private sector and other civil society organizations through a multi-stakeholder and multi-sector approach has yielded great results. She is enthusiastic about harnessing and converting key learnings and best practices into robust innovative programmes for new and repeat projects. She is public speaker and an organizer at various conferences within and outside the county. She is 47 years old and represents the County Government of Uasin Gishu where she serves as the Chief Officer in charge of Lands, Physical planning, Housing and Urban Development.</p>
	<p><b>Name: Ms. Victorine Kapkiai</b>  Ms. Victorine is self-driven, result oriented always striving for a continued excellence, motivated and a team player with high regards for the values of integrity. Having a proven track record of minimizing the costs of a project and enhancing value for money while still achieving the required standards and quality. Possessing excellent foresight and the ability to plan ahead. She is a Certified Public Accountant with a history of accurately and efficiently supporting accounting activities for a diverse range of clientele. Over 10 years of experience in presenting data, analyzing cost control, providing financial reports, and delivering profit and loss statements under time pressures. Ms Victorine is currently undertaking Doctor of Philosophy in Finance at Moi University and holds</p>

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	<p>Master in Business Management- Accounting Option from Moi University and a Bachelor in Business Administration-Accounting from Maseno University. She is 47 years and represents the County Government of Uasin Gishu and serves as the Chief Officer Youth affairs, sports, ICT and Innovation</p>
	<p><b>Name: CPA Dr. Lawrence Tanui Melly</b>  CPA Dr Lawrence Tanui is a seasoned leader with over 20 years of progressive experience in strategic management, business development and financial operations. Dr. Tanui holds a Doctor of Philosophy (PhD) in Strategic Management from Moi University, underscoring his commitment to strategic vision and research-driven solutions. He also earned a Master of Business Administration (MBA) in Strategic Management from the University of Nairobi and a Bachelor of Commerce (BCom) in Accounting from The Catholic University of Eastern Africa. He is a Certified Public Accountant (CPA-K), member of the Institute of Certified Public Accountants of Kenya (ICPAK) and an alumnus of Strathmore University, reflecting his strong financial management and governance foundation. As the Managing Director of ELDOWAS, he is committed to delivering exceptional service while upholding the values of accountability, innovation, and community empowerment.</p>

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**4. CORPORATE MANAGEMENT TEAM**

	<p><b>Name: CPA Dr. Lawrence Tanui Melly</b></p> <p>CPA Dr Lawrence Tanui is a seasoned leader with over 20 years of progressive experience in strategic management, business development and financial operations. Dr. Tanui holds a Doctor of Philosophy (PhD) in Strategic Management from Moi University, underscoring his commitment to strategic vision and research-driven solutions. He also earned a Master of Business Administration (MBA) in Strategic Management from the University of Nairobi and a Bachelor of Commerce (BCom) in Accounting from The Catholic University of Eastern Africa. He is a Certified Public Accountant (CPA-K), member of the Institute of Certified Public Accountants of Kenya (ICPAK) and an alumnus of Strathmore University, reflecting his strong financial management and governance foundation. As the Managing Director of ELDOWAS, he is committed to delivering exceptional service while upholding the values of accountability, innovation, and community empowerment. <i>The MD is responsible for the efficient management of the affairs of the company. He is responsible for the day-to-day operations and administration of the company in consultation with the Board. He shall provide overall leadership to the company and guide its strategic direction to ensure effective achievement of set goals and objectives.</i></p>
	<p><b>Name: Mr. Joseph K. Maiyo</b></p> <p>He has masters of Science in Urban management and Development from Erasmus University-Netherlands, Bachelor of Technology in Civil and Structural Engineering from Moi University and Diploma in Civil Engineering from The Kenya Polytechnic. He has over twenty years of working experience in diverse environments. He joined the water department in the municipal council in 1995 as the in-charge of Chebara Water Treatment Plant. The department later formed Eldoret Water and Sanitation Company in 1999. He has worked in the Non-Revenue and water distribution sections, sewerage section and the construction unit. <i>General Manager Technical Services has the responsibility to plan direct, co-ordinate, control and manage the company's operations and maintenance of infrastructure and equipment in order to supply water and sewerage services within the Company's Service Area.</i></p>

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	<p><b>Name: CPA Dr. Sheila Arusei</b></p> <p>Dr Sheila is a competent finance expert with vast knowledge in best accounting practices and prudent financial management. She holds a PhD in Business Management (Finance option), a Master’s in Business Administration (Financial Management) and a bachelors in Business Management (Accounting option). Dr Arusei is also a Certified Public Accountant. <i>General Manager Financial Services has responsibility to plan, direct and co-ordinate the ELDOWAS finances and ensure financial planning, management of financial risks, record keeping, and financial reporting; undertaking strategic and tactical matters relating to budget management, cost benefit analysis, forecasting needs and securing new or additional funding; and advise management and board of directors on financial implication of new and existing ventures.</i></p>
	<p><b>Name: Fredrick Kosgei</b></p> <p>Holder of Masters in Business Administration (MBA) Finance Option degree from Moi University, a Bachelor of Science Degree (Mathematics &amp; Chemistry) from The University of Nairobi, a MIS Diploma from Institute of Management of Information Systems (UK), Senior Management Course (KSG). Also, he is a Full member (FKIM) with Kenya Institute of Management (KIM). He has over 17 years working experience in the financial sector with wide experience and training in People management, Marketing, Relationship management, Credit and Debt management, Customer experience, MSME, Micro credit and Data analysis. <i>General Manager Commercial Services has responsibility to plan, direct and co-ordinate all commercial operations, which will include strategy for service delivery, revenue generation, collections and debt management.</i></p>

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**5. CHAIRMAN'S STATEMENT**

It is with great honour that I present the Chairman's Statement for the financial year ended 30th June 2025. This period was marked by significant milestones as Eldoret Water and Sanitation Company Ltd (ELDOWAS) continued to strengthen its operational efficiency, community partnerships, and infrastructure investments amidst a dynamic economic and regulatory landscape.

We successfully expanded access to clean water in Eldoret and surrounding areas, achieving 84% coverage, and made progress on sanitation through the expansion of sewerage infrastructure. Despite fiscal constraints and rising operational costs, the company maintained a prudent financial position, collecting over Kshs. 848 million in revenue and ensuring budgetary compliance at 88%.

Our commitment to environmental sustainability was reaffirmed through conservation investments under the Eldoret-Iten Water Fund and other catchment management initiatives. Notably, we undertook rehabilitation of over 69 km of pipeline and installed 23.6 km of new lines, which contributed to improved service delivery despite challenges such as non-revenue water (NRW), which averaged 38.2% for the year.

We recognize the strategic support of the Uasin Gishu County Government and development partners who continue to invest in our vision for a sustainable utility. We also acknowledge our hardworking staff and management for their commitment to service and innovation.

Looking forward, we are committed to reducing NRW to below 30%, increasing sanitation coverage, adopting digital customer service platforms, and embracing climate-resilient technologies. We believe that with effective governance, community engagement, and sustainable resource management, ELDOWAS will continue to lead in delivering equitable water and sanitation solutions.

Signed  Date: \_\_\_\_\_

**Hon. David Kiptoo Sing'oei**  
**Board Chairman**

## **6. REPORT OF THE MANAGING DIRECTOR**

I am pleased to present the Managing Director's report for the period 1st July 2024 to 30th June 2025. This has been a pivotal year for ELDOWAS as we implemented strategic projects aligned with our mandate, the Water Act 2016, and Vision 2030, while adapting to emerging challenges in water supply, sanitation, and climate resilience.

### **a) Operational Highlights**

ELDOWAS continued to focus on improving service delivery, infrastructure, and customer satisfaction. By the end of FY2024/25:

- We served 84% of the urban population with clean, safe water.
- 2,672 new water connections were completed.
- 23.6 km of new water pipelines were laid across strategic zones.
- Sewer connections increased to 992, with a total of 7.9 km of new sewer lines installed.
- Customer complaints were resolved at a 96% success rate within charter timelines.

Despite financial pressure from a court ruling that halted disconnections temporarily, the company still collected Kshs. 848 million in revenue, with an absorption rate of 88%. We also secured Kshs. 51 million from external funding sources including EIWF and WSTF, with key activities targeting water conservation, low-income area sanitation, and pro-poor initiatives.

### **b) Environmental Sustainability**

Sustainability remained a key pillar of our operations:

- We invested Kshs. 57.4 million in conservation activities under EIWF.
- Leak detection, meter calibration, and 69.7 km of pipeline rehabilitation helped to stabilize our NRW levels.
- Smart meter installation (planned for FY2025/26) and enforcement measures are expected to reduce NRW to 27%.

We also rolled out digitization initiatives including an online application system and customer feedback mechanisms to enhance transparency and responsiveness.

### **c) Financial Performance**

The company operated within the approved budgetary ceilings and posted strong compliance:

- Staff cost utilization stood at 95%.
- Maintenance absorption was at 69%, largely due to the reallocation of resources to urgent pipeline rehabilitation.
- Development budget utilization was at 62%, with Kshs. 24 million rolled over from the previous year.

The financial discipline demonstrated will position us better for future growth, with projections indicating revenue increases to over Kshs. 1 billion in FY2025/26.

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**d) Human Capital and Governance**

Our team remains our greatest asset. During the year, we trained 571 students through industrial attachments, mainstreamed gender and disability inclusion, and maintained 100% compliance with occupational safety standards. Governance structures were strengthened through improved board oversight, stakeholder engagement, and adherence to statutory reporting.

**e) Outlook**

In FY2025/26, ELDOWAS will:

- Target a 27% NRW level through smart meter roll-out and system audits.
- Expand sanitation access by adding 3,947 sewer connections and 10 km of sewer lines.
- Mobilize Kshs. 140 million in external funding to complete key capital projects.
- Strengthen pro-poor strategies and deepen digital transformation for better customer experiences.

We are committed to providing reliable and equitable water and sanitation services, grounded in sustainability, accountability, and innovation.

Signed \_\_\_\_\_



**CPA Dr. Lawrence Tanui PhD**  
**Managing Director**

**Eldoret Water and Sanitation Company Limited**  
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**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES  
FOR FY 2024/25**

ELDOWAS has three (3) strategic pillars and objectives within its Strategic Plan 2022- 2027. These strategic pillars are as follows:

- Pillar 1: Capacity to meet demand
- Pillar 2: Operational efficiency
- Pillar 3: Organisational Development

ELDOWAS develops its annual work plans based on the above three (3) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Company achieved its performance targets set for the Financial Year 2024/2025 period for its three (3) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar1: Capacity to meet demand</b>	Adequate Water Supply	Additional Volume of Water to increase the hours of Supply	Development of additional Water Sources	- The Company maintained production capacity of approximately 42,275m <sup>3</sup> /day. - 21 hours of supply per day -Kipkarren Water Project is stalled and percentage of completed works is 61.63% -Proposal for Two Rivers Dam design review, construct and operate under PPP'S is sent to Ministry of water and evaluations are on going
		New distribution network	Extension of distribution networks	Laid 23.6 kms of new pipelines
		Replacement of old pipelines	Identification and replacement of aged/dilapidated pipelines	Replaced 83.34 kms of aged pipelines with HDPE pipes
	Adequate Sewerage Services	New Sewer lines	Extension of sewer networks - 5 kms/yr	Extended 7.9kms of new sewer network and 48kms Last mile connectivity
		New Sewer connection	500 new connections per year	992 no new sewer connections made
	Environmental Management and Conservation	No. of catchment areas protected	Catchment protection and management activities	- The company sponsored conservation runs at Chebara conservation run.
		No. of trees planted	Tree planting exercises	-The Company Planted 710,000 tree seedlings in partnership with EIWF project -Maintained tree nurseries at Kipkenyo and Chebara that produced a total of 105,000 seedlings ready for transplant and ported 250,000 seedlings
Funding	Funds from External Sources	-Development of funding proposals -Resource Mobilization	The Company received Kshs. 4,400,000 from the County Government of Uasin Gishu	

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<b>Pillar2: Operational efficiency</b>	Reduce NRW	% of reduction	-Develop and implement NRW reduction Strategies	NRW strategies was developed and implemented. NRW had an average of 38.2% as at the end of 30 <sup>th</sup> June 2025.	
	Automation of operations	Automation of key company processes	ERP Treatment plants Metering Customer side	-ERP in place --Successful implementation of proof of concept for smart metering infrastructure. -Deployed customer service android App. - Fleet Management system. -Deployment of Smart Metering Infrastructure for District Meter Area underway -Refreshed Company website -Rollout of the customer online portal for water account opening	
	Financial Management	Personnel costs as a % of O&M Debt Reduction  % Increase of revenue and collections	-Management of the wage bill to below 30% -Debt collection -Tariff review -Recruitment of new customers -Improved hours of supply	-Staff cost increased from 54% to 51% -Continued to implement the approved tariff until April 2025 when it was suspended by the court - 2,672 new water and 992 sewer connections. -Maintained at 21 hours/day	
	Service excellence		-Level of Customer Satisfaction	-To carry customer Satisfaction survey	- Implemented the Customer Satisfaction survey outcome
			% of customer complaints resolved.	-Resolve all customer complaints as per the customer service charter	- Achieved 94% resolution of customer complaints.
			Employee Satisfaction	-To carry out employee satisfaction survey	-To implement the matrix outcome for the year 2024-2025
Optimization of existing plant and infrastructure	95% plant utilization	-Scheduled maintenance programmes -Calibration of equipment -Capacity building	-98% compliance to scheduled maintenance programme -All equipment were calibrated -Staff trainings effected -Achieved 84.7% utilization of the plants due to aging infrastructure and prolonged dry spell in the year.		
<b>Pillar 3: Organizational Development</b>	Improve productivity	100% of staff to be trained	Undertaking annual capacity building as per training needs and job enrichment	-Training needs assessment (TNA) in place. - Achieved 100% of the planned staff trainings as per TNA.	
		Annual performance contracts and appraisals	-Develop Annual Performance Contracts and appraisals -Cascading the Performance Contracts	-Signed annual individual performance contracts and appraisals -Cascaded the performance Contracts - Undertook annual performance reviews	

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			-Review of Performance Contracts and appraisals	- Continuous monitoring and reporting of the Company performance
	Achieve total statutory and legal requirements compliance	100% of compliance	Adherence to all Statutory, Regulatory and Industry Requirements	-Submitted the relevant annual accounts by 31 <sup>st</sup> August 2025. - Complied with statutory requirements and other obligations such as PAYE, NHIF, Pension, Helb, Sacco dues, Staff Loans and NSSF, OSHA, Labour Laws, Submitted Reports to NEMA, WASREB.
	Institutionalize Corporate Governance across the organization	100% of compliance	Comply with chapter 6 of the constitution of kenya 2010 requirements on Leadership and Integrity Capacity Building	- Conflict of Interest register in place. -All Board members and management trained on Leadership & Corporate Governance. -Recruitment of Board Members and staff requires compliance with Chapter 6.

## **8. CORPORATE GOVERNANCE STATEMENT**

Governing ELDOWAS includes the formulation, establishment and implementation of water policies, legislation and institutions, and clarification of the roles and responsibilities of government and its different layers, civil society and the private sector in relation water resources and services.

The outcomes depend on how the stakeholders act in relation to the rules and roles that have been taken or assigned to them. The water sector is a part of broader social, political and economic developments and is thus also affected by decisions by actors outside of the water sector. Hence the need for clarity in how the entities that provide the right to water is governed.

Corporate governance refers to the establishment of an appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholder value and maximum human-centred development while remaining conscious of their other responsibilities to stakeholders, the environment and the society in general. In the context of water services, shareholder value is realised in universal coverage in safe, clean water in adequate quantities and reasonable standards of sanitation.

Efficient and effective provision of water services and progressive realization of the basic human right to water can only be achieved if the leadership and management in the Company is guided by the tenets of good governance

We, the board of directors are accountable to shareholders for achieving the corporate objectives. The shareholder is accountable to the citizen who requires the services and owes fidelity to the Constitution 2010 and attainment of Vision 2030 and the Sustainable Development Goals.

### **THE NEED FOR CORPORATE GOVERNANCE**

Corporate governance has been embedded in ELDOWAS with an objecting of achieving the following goals:

1. Ensure the profitability and efficiency of water services delivery.
2. To create ethical business enterprises and their capacity to create wealth and employment as water is an enabler under Agenda 4.
3. Ensure the long-term competitiveness of the water sector by ensuring the pricing and affordability promotes source protection.
4. Ensure the stability and credibility of the water sector financially and thus attract finance for asset development.
5. Improve relationships between the different players in the water sector so as to be able to deliver quality, affordable water services in a sustainable manner.

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6. Improve the relationship between water enterprises and their various stakeholders comprising shareholders, water catchment areas, managers, employees, customers, suppliers, labour unions, communities, providers of finance and other government agencies.
7. Maintaining arm length relationships that are based on the vision of creating and sustaining a commercially viable WSP.
8. Efficiency in the provision and distribution of water services.
9. Sustainability of the financial resources.
10. Attainment of water for all.
11. Transparency and accountability to the public.

ELDOWAS adheres to the highest standards of Corporate governance at all times in line with Corporate Governance Guidelines developed by WASREB and supported by the Water Act, 2016. We continuously review our corporate governance structures in line with existing and emerging regulatory requirements. Every year, we undertake board evaluation which has led to clarity of roles and responsibilities, improved teamwork, accountability, decision-making, communication and efficient board operations.

#### **Composition of the Board**

The current board consists of 9 directors representing professional bodies, resident communities, Business communities, Women organizations, Religious communities and representatives from the County Government of Uasin Gishu. Their nominations are ratified during the Annual General meeting (AGM) for a three-year term renewable once. The Chairman of the Board is appointed during the first Board meeting after the AGM. New members joining the board are inducted on Company's operations and also trained adequately to enable them execute their mandate effectively.

#### **Board Diversity**

The Board is constituted by members who have a good mix of skills, experience and competencies in various fields such as Legal, ICT, Finance, Human Resource, Business, and Engineering. The Company's mandate is to provide Water and Sewerage Services and therefore the members are required to acquaint themselves with the technical knowledge. The Company has three (3) female board members out of nine (9) and therefore meets the constitutional threshold of gender balance.

#### **Roles and Responsibilities of Directors**

The roles and responsibilities of members are outlined in the Company's Board Charter

#### **Board composition and Committees**

The following table represents the Board Composition and its Committees. There are three committees of the Board and each is appointed in two committees. The table below shows the chairs and members of each committee of the Board;

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S/No.	Member	Full Board	Finance & Administration	Audit & Risk Management	Planning Operations & Technical
1	David Singoei	√*			
2	Francis Chirchir	√	√		√
3	Edward Kisaka	√	√*		√
4	Nathan Tororei	√	√		√
5	David Chemweno	√		√	√*
6	Rachel Misoi	√		√*	√
7	Kiprop Magugui	√		√	√*
8	Mary Kerich	√		√	√
9	Victorine Kapkiai	√	√		

\* Represents the Chairman of the Board/ Committee

**Board attendance**

Best practice requires that every Board member attends a minimum of 75% of all Board meetings. The full Board of Directors meets at least four times a year as per the guidelines of WASREB and the Board Charter. Special Board meetings are held to deliberate on emerging issues. The decisions of the Board are collective. Below is the extract from the attendance register for Full Board meetings held in the period from 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025

No	Members	17/7/24	6/9/24	15/11/24	14/2/25	16/5/25	26/5/25	30/6/25	Att %
1	David Singoei	√Š	√	√	√	√	√Š	√AGM	100
2	Francis Chirchir	√Š	√	√	√	√	√Š	√AGM	100
3	Edward Kisaka	√Š	√	√	√	√	√Š	√AGM	100
4	Nathan Tororei	√Š	√	√	√	√	√Š	√AGM	100
5	David Chemweno	√Š	√	√	√	√	√Š	√AGM	100
6	Rachel Misoi	√Š	√	√	√	√	√Š	√AGM	100
7	Kiprop Magugui	√Š	√						29
8	Mary Kerich	√Š	√	√	√	√	√Š	√AGM	100
9	Victorine Kapkiai	√Š	√	√	√	√	√Š	√AGM	100

Š represents Special Board meetings, √AGM represents Annual General Meeting.

There were other adhoc meetings that the Board had which included trainings, visit treatment plants and other operational areas of company in a bid to get themselves acquainted in all operations. The Board has set up the following committees that meet under well-defined terms of reference or Charters. This is intended to facilitate efficient decision making of the Board in discharging its duties and responsibilities. Below is a summary of the general functions and members' attendance of each of the committee of the Board:

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**i) Finance & Administration Committee**

This committee deals with strategic, financial, commercial, human Resource, procurement and administrative related issues.

Member	27/8/24	6/11/24	5/2/25	7/5/25	% of Attendance
Edward Kisaka	√*	√*	√*	√*	100
Nathan Tororei	√	√	√	√	100
Francis Chirchir	√	√	√	√	100
Victorine Kapkiai	√	√	√	√	100

**ii) Planning, Operations & Technical Committee**

This committee oversees planning, operations in the technical related areas. Issues related to technology advancements are also discussed.

Member	26/8/24	4/11/24	3/2/25	5/5/25	% of Attendance
Kiprop Magugui	√*				25
Edward Kisaka	√	√	√	√	100
Francis Chirchir	√	√	√	√	100
David Chemweno	√	√*	√*	√*	100
Mary Kerich	√	√		√	75
Rachael Misoi		√	√	√	75
Nathan Tororei		√	√	√	75

**iii) Audit & Risk Management Committee**

The Committee deals with audit, compliance and risk management related issues

Member	2/9/24	8/11/24	7/2/25	9/5/25	% of Attendance
Rachel Misoi	√*	√*	√*	√*	100
David Chemweno	√	√	√	√	100
Kiprop Magugui	√				25
Mary Kerich	√	√	√	√	100

**Terms of Board Members**

Terms of the Board are outlined in the Company's Memorandum and Articles of Association. Appointed board members serve for a term of not more than three (3) years renewable once for a further term of three years. In doing so, the appointment is staggered to ensure succession planning.

**Compliance to laws and other legal requirements**

As a Public organization, decisions are guided by the core tenets prescribed by the constitution of Kenya, the Public Officers Ethics Act, Code of Conduct and the Mwongozo code of Governance. The Code of Conduct was signed by Board members. Accordingly, the Board and its committees regularly evaluate the latest national and international

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standards with the aim of incorporating them in the business processes of Company so as to consistently deliver on its mandate and be in compliant with the law.

**Board Remuneration**

The remuneration payable allowances to the members of the Board are determined by the Shareholders during the Annual General Meeting.

**Conflict of interest and declaration of interest**

The Board have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. They sign conflict of interest register before the start of a Board meeting.

**Board Charter**

ELDOWAS has a Board Charter. It outlines powers and responsibilities of the Board and its members, appointment, remuneration, terms of the Board members, conduct of meetings, Committee 'terms of reference, conflict of interest among others. The charter is premised on the Mwongozo Code and best Corporate Governance Practices.

**Board Induction and Training**

The Board of Directors are given appropriate information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. During the year Board members were inducted through all operations of the company, visiting the sites/ location of offices and were also trained for three (3) days on Leadership and Governance.

**Board and Member Performance**

ELDOWAS acknowledges to grow, there is need for, clarity of roles and responsibilities, teamwork, accountability, decision-making, communication and efficient board operations. This is done through annual Board Evaluation.

# REPUBLIC OF KENYA



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## **REPORT OF THE AUDITOR-GENERAL ON ELDORET WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Eldoret Water and Sanitation Company Limited set out on pages 1 to 40, which comprise of the statement of financial

position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Eldoret Water and Sanitation Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Irregular Management of Water Revenue**

The statement of profit or loss and other comprehensive income reflects total revenue of Kshs.1,251,059,625. Included in this amount is operating revenue of Kshs.1,157,275,453 that comprise of water sales of Kshs.841,835,286, sewerage services of Kshs.282,219,015 and billing of other services of Kshs.33,221,152 as disclosed at Note 6(a). Further, review of management of water revenue revealed the following anomalies;

- i. It was observed that 751,834 meters transactions with total revenue of Kshs.963,464,719 were cancelled or bills credited denying the Company revenue.
- ii. The previous meter reading had higher bills readings than the current readings for three (3) meters with total amount of Kshs.193,835. This anomaly indicated that was interference with meters.
- iii. It was noted that seventeen (17) meters whose consumption readings were taken and recorded were not billed.
- iv. The Company installed one thousand three hundred and twenty-two (1,322) new meters connections. However, no deposits were collected from new connections.
- v. The Company had nineteen thousand, eight hundred and sixty-two (19,862) active meters which were not billed.
- vi. Eighty-three (83) M-pesa payments for water with an amount of Kshs.547,356 for account number 16010087726 were reversed.
- vii. One hundred and twenty (120) water bill payments made by customers through the bank amounting to Kshs.11,904,512 were reversed.

In the circumstances, the accuracy and completeness of total revenue of Kshs.1,251,059,625 could not be confirmed.

## **2. Property, Plant and Equipment Balance**

### **2.1 Valuation of Assets**

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,006,885,996 which includes land balance of Kshs.132,505,455 as disclosed in Note 19 to the financial statements. However, an updated valuation report for the Company's land was not provided for audit review and therefore the value of the land may not be accurate. Further, review of assets registers and other documents provided for audit revealed that assets with acquisition costs of Kshs.307,138,911 had been fully depreciated but continued to be in use without any book values.

In the circumstances, the accuracy of values in property, plant and equipment of Kshs.3,006,885,996 could not be confirmed.

### **2.2 Motor Vehicles**

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,006,885,996 as disclosed in Note 19 to the financial statements. However, this balance includes an amount of Kshs.47,829,750 in respect of motor vehicles and motor cycles of which a review of letters from Lake Victoria North Water Services Board revealed that the Board transferred ownership of two (2) vehicles to the Company. However, log books were still in the name of a contractor. No explanation had been provided as to why the ownership documents had not been transferred to the Company.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.3,006,885,996 could not be confirmed.

## **3. Inventory Balance**

The statement of financial position reflects inventories balance of Kshs.70,590,818 as disclosed in Note 23 to the financial statements. However, the balance of inventory did not include water stocks in the Company's water reservoirs. In addition, there was no evidence that the store items were issued on a first in, first out basis. Further, Management did not provide a report on obsolete and unserviceable inventory including water meters.

In the circumstances, the inventories balance of Kshs.70,590,818 could not be confirmed.

## **4. Trade and Other Receivables**

### **4.1 Long Outstanding Trade Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.687,608,856 as disclosed in Note 24 the financial statements which includes customer balances of Kshs.301,655,302 or approximately 47% of the total trade and other

receivables, relating to customer debts that had remained uncollected for over seven (7) years. Review of supporting documentation revealed that recovery efforts were unsuccessful, casting doubt on the recoverability of the outstanding debts.

Management had written liable bad debts provision amounting to Kshs.60,000,000 in the year under review and there was no justification for the writeback considering that the receivables had been increasing. In addition, no provision for bad and doubtful debts was made.

In the circumstances, the accuracy of valuation of trade and other receivables balance of Kshs.687,608,856 could not be confirmed.

#### 4.2 Doubtful Recovery of Value Added Tax (VAT) Refunds

As previous reported, the statement of financial position reflects trade and other receivables balance of Kshs.687,608,856 which includes VAT refunds balance of Kshs.48,584,233 as disclosed in Note 24 to the financial statements. Examination of the documents provided for audit revealed that applications for VAT refunds totalling to Kshs.48,584,233 were made between April, 2011 and June, 2018 to the Kenya Revenue Authority. However, as at the time of audit in September, 2025, no refund had been received by the Company in respect of these applications. Further, no evidence was provided to show any further attempt by Management to recover these refunds from the Kenya Revenue Authority.

In the circumstances, the validity, accuracy and recoverability of trade and other receivables balance of Kshs.687,608,856 could not be confirmed.

#### 5. Trade Creditors and Other Payables

The statement of financial position reflects trade creditors and other payables balance of Kshs.297,298,943 which includes trade payables balance of Kshs.100,127,216 as disclosed in Note 36 to the financial statements. However, review of the trade payables ageing analysis revealed that trade payables balance of Kshs.44,357,076 had been outstanding for a period of more than thirty (30) days as shown in the table below:

<b>Trade Payables</b>	<b>Amount in Kshs.</b>
Outstanding for more than 180 days	22,428,227.35
Outstanding for more than 150 days	2,844,624.50
Outstanding for more than 120 days	6,144,837.90
Outstanding for more than 90 days	12,939,386.70
Outstanding for more than 60 days	13,606,633.20
Outstanding for more than 30 days	18,078,785.70
Current	24,084,720.96
<b>Total</b>	<b>100,127,216.33</b>

In the circumstances, the propriety of trade and other payables balance of Kshs.297,298,943 is in doubt.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Eldoret Water and Sanitation 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.1,569,279,936 and Kshs.1,209,982,955 respectively resulting to an under-funding of Kshs.359,296,981 or approximately 23% of the budget. Similarly, the Company incurred an expenditure of Kshs.1,021,750,329 against actual receipts of Kshs.1,209,982,955 resulting to an under-absorption of Kshs.188,232,626 or approximately 16% of the actual receipts.

The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on the Effectiveness in Internal Controls, Risk Management and Governance. However, no report or recommendations from the Management of the Company and oversight bodies were submitted for audit verification. Therefore, the issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding. Refer to **Appendix I**

## **Other Information**

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

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Revenue Water**

The statement of profit or loss and other comprehensive income reflects operating revenue amount of Kshs.1,157,275,453 which includes water sales amount of Kshs.841,835,286 as disclosed in Note 6(a) to the financial statements. Records provided for audit review indicated that the Company produced a total of 15,442,959 cubic meters (M<sup>3</sup>) of water out of which only 9,520,106 cubic meters (M<sup>3</sup>) were billed to customers. The balance of 5,922,853 cubic meters (M<sup>3</sup>) or approximately 38% of the total volume of water produced, therefore, represents Non-Revenue Water (NRW) which was 13% or 2,026,239 cubic meters (M<sup>3</sup>) over and above the allowable loss of 25% in accordance with schedule E of Water Service Regulatory Board (WASREB) guidelines. The 13% in NRW translated to a loss of revenue over and above the acceptable level, amounting to Kshs.127,653,057 as the average tariff applied was Kshs.63.

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

## **2. Accumulation of WASREB Subscription Arrears/Non-Compliance in Remittances and Accumulation of Arrears**

The statement of financial position and as disclosed in Note 36 to the financial statements reflects trade and other payables balance of Kshs.297,298,943 which includes trade payables balance of Kshs.100,127,216 which further includes Water Services and Regulatory Board (WASREB) arrears of Kshs.20,622,843, being subscription fee arrears for seven (7) months. Management explained that the non-payment was due to prioritization of pending bills from the previous financial year ended 30 June, 2024. This was contrary to Section 72 of the Water Act, 2016 requires all licensed Water Service Providers (WSPs) to remit regulatory levy to (WASREB).

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

## **3. Non-Compliance with WASREB Corporate Governance Guidelines**

The statement of profit or loss and other comprehensive income reflects total expenses amount of Kshs.1,103,730,264 which includes staff costs amounting to Kshs.435,659,305, general and operating expenses amounting to Kshs.304,453,239 and maintenance expenses amounting to Kshs.49,793 all totalling to Kshs.789,906,361. However, the staff costs constitute fifty-five percentage (55%) of these costs. This was contrary to Section 3.9.10 of Water Service Regulatory Board Corporate Governance Guidelines, 2018 which states that when fixing remuneration of staff, the total expenditure for each financial year must not exceed the benchmark set, so that personnel costs as share of operations and maintenance costs shall be contained within the parameter of 35% for a large Company.

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

## **4. Projects Verification - Work in Progress**

The statement of financial position reflects property, plant and equipment balance of Kshs.3,006,885,996 which includes work in progress (W.I.P) amount of Kshs.81,812,423 as reflected in Note 19 and Appendices 20 to the financial statements. Verification of work in progress (W.I.P) amount of Kshs.81,812,423 revealed the following issues:

### **4.1 Delayed Completion of Huruma Ward Water Project**

Review of the Company's projects revealed that Huruma Ward Water Project was implemented by Eldoret Water and Sanitation Company Limited, to rehabilitate the water network at an estimated cost of Kshs.867,028. The project scope included; excavation, backfilling, installation of 200 metres of 63 millimetres diameter pipes, 1,700 metres of 32 millimetres diameter pipes, 200 metres of 20 millimetres diameter pipes, and 100 metres of 25 millimetres diameter high-density polyethylene (HDPE) pipes along King'ong'o and Odala Streets. The proposed project start date was January, 2025 with an estimated duration of two (2) months. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete and the Company had spent a total expenditure of Kshs.813,694 against the approved budget of Kshs.867,028.

#### **4.2 Delayed Completion of Kampi Kartasi Sewer Project**

Review of records that were provided for Kampi Kartasi Sewer Project revealed that the project was implemented by the Company to rehabilitate the Kambi Karatasi sewer line project and relocation of water and sewer lines affected by road construction works through KISSIP programme at an estimated cost of Kshs.5,883,085. The project scope included excavation and backfilling of pipeline trenches, provision and laying of 300 millimetres and 250 millimetres double wall corrugated (DWC) pipes, rehabilitation of manholes and installation of manhole covers. The proposed start date was in the month of September, 2024 with an expected project duration of two (2) months. However, the project commenced in the month of October, 2024. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete with a total expenditure of Kshs.3,319,124 incurred against the approved budget of Kshs.5,883,085.

#### **4.3 Delayed Completion of Maili Nne Water Rehabilitation Project**

Review of records provided revealed that Maili Nne Water Rehabilitation Project was implemented by the Company to relocate and rehabilitate the water lines in Maili Nne affected by road construction works through KISSIP programme at an estimated cost of Kshs.4,793,168. The project scope included excavation and backfilling of 5,760 metres of various diameters in Maili Nne area. The proposed start date was in the month of September, 2024 with an expected project duration of three (3) months. However, the project commenced in the month of July, 2024. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete with a total expenditure of Kshs.4,413,443 incurred against the approved budget of Kshs.4,793,168.

#### **4.4 Delayed Completion of Racecourse ASK Ward Sewer Project**

Review of records provided revealed that Racecourse ASK Ward Sewer Project was implemented by the Company for the construction of the Racecourse Ward - ASK sewer line at an estimated cost of Kshs.7,000,000. The project scope included excavation and backfilling of pipeline trenches, provision and laying of 200 millimetres polyvinyl chloride (PVC) pipes and construction of manholes. The proposed start date for the project was in the month of July, 2024 with an expected project duration of six (6) months. However, the project commenced in the month of October, 2024. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete, with a total expenditure of Kshs.5,840,080 incurred against the approved budget of Kshs.7,000,000.

#### **4.5 Delayed Completion of Kipkenyo Sewer Phase 2 Project**

Review of records provided revealed that Kipkenyo Sewer Phase 2 Project was implemented by the Company for the construction of Kipkenyo Ward sewer line at an estimated cost of Kshs.5,000,000. The project scope included excavation and backfilling of pipeline trenches, provision and laying of 200 millimetres polyvinyl chloride (PVC) pipes and construction of manholes. The proposed start date for the project was in the month of July, 2024 with an expected project duration of six (6) months. However, the project commenced in August, 2024. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete, with a total expenditure of Kshs.3,466,759 incurred against the approved budget of Kshs.5,000,000.

#### **4.6 Delayed Completion of Langas Water Rehabilitation Project**

Review of records provided revealed that Kipkenyo Langas Water Rehabilitation Project was implemented by the Company to rehabilitate the water network in Langas Ward affected by road construction works through KISSIP programme at an estimated cost of Kshs.5,614,850. The project scope included 7.1- kilometre water pipelines improvements and improvement of 90 millimetres, 63 millimetres and 50 millimetres high-density polyethylene (HDPE) pipes. The project estimated start date was in the month December, 2024 for a project duration of six (6) months. However, the project commenced in January, 2025. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete, with a total expenditure of Kshs.3,778,863 incurred against the approved budget of Kshs.5,614,850.

#### **4.7 Delayed Completion of Langas Ward Sewer Project Phase 5**

Review of records provided revealed that Langas Ward Sewer Phase 5 Project was funded by the Ward Development Fund and implemented by Eldoret Water and Sanitation Company Limited to construct sewer lines in Langas Ward at an estimated cost of Kshs.10,924,187. The project scope included excavation and backfilling of pipeline trenches, provision and laying of 200-millimetre PVC pipes and construction of manholes. The project estimated start date was in the month of July, 2024 for a project duration of six (6) months. However, the project commenced in the month of August, 2024. Further, the project was labour based with casual labourers engaged to excavate trenches for laying of sewer pipes.

Physical verification in the month of October, 2025 revealed that the project was incomplete, with a total expenditure of Kshs.10,973,594 incurred against the approved budget of Kshs.10,924,187.

In the circumstances, the delayed completion of the projects deprived the residents of the intended benefits and work in progress balance of Kshs.81,812,423 could not be confirmed.

#### **5. Non-Compliance with People with Disability Act, 2017**

Review of the human resource records revealed that the Company had a total of five hundred and twenty (520) employees engaged on permanent, contract and casual basis, out of which, only nine (9) employees were categorized as persons with physical and visual disabilities. This constitutes approximately 1.7% of the total employees of the Company contrary to Section 13 of the Persons with Disability Act, 2017 which states that the Council shall endeavor to secure the reservation of five (5%) per cent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

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

#### **6. Non-Compliance with the National Cohesion and Integration Act, 2008**

During year under review, the Company had a total work force of five hundred and twenty (520) employees out of which two hundred and ninety (290) employees or approximately fifty-five percent (55%) of the Company's workforce were from the dominant community in the area. This was contrary to Section 7(1) and (2) of National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the 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.

#### **7. Avoidable Expenditure on Tax Assessment and Penalties**

The statement of profit or loss and other comprehensive income reflects total general and operating expenses of Kshs.304,453,239 and as disclosed at Notes 13 to the financial statements. Included in this amount is tax assessment and penalties of Kshs.3,123,622 that was not included in the budget and was avoidable expenditure.

In the circumstances, there was no value for money, prudence and effective use of public resources.

No measures had been undertaken by Management to explore alternative uses of the unoccupied houses, leading to underutilization of a significant Company resource. This was contrary to Section 149(1) and (2)(m) of the Public Finance Management Act, 2012 which requires Accounting Officers to be accountable to the County Assembly for ensuring that the resources of the entity are used in a way that is lawful, authorized, effective, efficient, economical and transparent, and to manage the assets of the entity to ensure that it receives value for money when acquiring, using or disposing of its assets.

In the circumstances, value for money for unoccupied houses could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages xii to xiv is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages xix to xxii 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 the Management and Board of Directors**

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

## **8. Over-Expenditure on Staff Costs**

The statement of profit or loss and other comprehensive income reflects total expenses balance of Kshs.1,103,730,264 which includes staff costs of Kshs.435,659,304, general and operating expenses of Kshs.304,453,239 and maintenance expenses of Kshs.49,793,817, all totalling to Kshs.789,906,360. However, the staff costs constitute fifty-five (55%) of the costs. This was contrary to Section 3.9.10 of Water Service Regulatory Board Corporate Governance Guidelines, 2018 which states that when fixing remuneration of staff, the total expenditure for each financial year must not exceed the benchmark set, so that personnel costs as share of operations and maintenance cost shall be contained within the parameter of 35% for a large company.

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

#### **Basis for Conclusion**

##### **Low Occupancy of Staff Houses and Failure to Optimize Rental Income**

The statement of profit or loss and other comprehensive income reflects other income of Kshs.1,507,600 as disclosed at Note10 to the financial statements. Included in this amount is house rent income of Kshs.1,480,000 collected during the year.

Review of the Company's staff houses revealed the Company had fifty-five (55) rental houses designated for staff use out of which seventeen (17) or (31%) were occupied as at the time of the audit. Management attributed low occupancy to staff owning their own houses and the restrictions of the one-third (1/3) salary deduction rule.

Despite an increase in rental costs within Eldoret City and its environs due to inflation and market factors, ELDOWAS has not adjusted its housing charges or developed strategies to attract tenants or optimize use of the idle houses.

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

25 November, 2025

## Appendix I: Unresolved Prior Year Matters 2023/2024

No.	Audit Issue	
1.	Unsupported Water Sales	Report on the Financial Statement
2.	Property, Plant and Equipment <ul style="list-style-type: none"><li>• Lack of Valuation of Assets</li><li>• Lack of Motor Vehicles Ownership Document</li></ul>	Report on the Financial Statement
3.	Long Outstanding Trade Receivables	Report on the Financial Statement
4.	Doubtful Recovery of Value Added Tax (VAT) Refunds	Report on the Financial Statement
	Non-Revenue Water	Report on Lawfulness and Effectiveness in the Use of Public Resources
5.	Over-Expenditure on Staff Costs	Report on Lawfulness and Effectiveness in the Use of Public Resources
6.	Non-Compliance with Law on Ethnic Composition	Report on Lawfulness and Effectiveness in the Use of Public Resources

**9. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A: Company Outlook**

As we reflect and embrace the changes witnessed in the water sector as per the 2010 Constitution and since the formation of ELDOWAS, there are a number of achievements the company has made and we are more optimistic about the future. The positive performance witnessed so far is proof of the noteworthy progress the company has made. The Board of Directors has been instrumental towards the realisation of key company objectives.

**i) ACHIEVEMENTS**

***Financial Performance***

The Company realised an operating revenue of Kshs.1,157,275,453 from both billing and non-billing revenue sources. The company has surplus of Kshs. 147,329,362 with a cash flow position of Kshs. 198,406,418 The collection efficiency stood at 94%

***Regulatory performance***

The company fully complied with the existing regulatory and statutory requirements hence no sanctions and penalties against the company.

***Infrastructural Development***

In the year under review the company achieved the following milestones:

- a) Rehabilitated approximately 83.34kms of new water pipeline within the service area both from company and county funded projects.
- b) Extended 5.8 kms of sewer line within the service area.
- c) Provided water and sewerage services without major interruptions.
- d) Mapped approximately 95% of all customer connection points on GIS for ease of identification and management of all customers for continuous update of customer database.
- e) Use of HDPE pipes for all new connections and replacements

***ICT Environment***

The company implemented and using the following software solutions in an effort to automate its internal processes;

- a) M@jics CMIS software for billing and customer relationship management.
- b) Sage Pastel 200 software for accounting and financial reporting.
- c) Sage 300people software for Human Resource and Payroll processing
- d) Idea software used for data analytics by internal audit
- e) Izar portal plus software used in smart metering at Kipkorgot
- f) Chlorine dosing at the company's water treatment plant
- g) CCTV system for security surveillance of company premises and property.
- h) Biometric identification and logging system for managing daily staff attendance.
- i) Fleet Management system for transport operations.

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**Capital Expenditure**

In the Financial 2024/25, the company incurred capital expenditure of Ksh. 87,133,410 compared to Ksh. 93,836,610 in the financial year 2023/24 comprising of the following:

a) Buildings, water and sewer works	Kshs.15,315,689
b) Computer, Copiers	Kshs.1,264,000
c) Meters, Equipment and Tools	Kshs.13,885,614
d) Work in progress -	Kshs.56,668,107

Capital projects were financed through internally generated funds, support from County Government of Uasin Gishu and from other well-wishers received in the financial year 2024/2025

**Development Expenditure**

The construction of Kipkaren Water Supply was done through funding from the African Development Bank. Due to delayed works by the contractor, the works were terminated in the year 2024 and the tender re-floated to complete the works. A contractor was awarded the Contract by the Central Rift Water Works Authority. The works are to commence in October 2025. The design for Two-Rivers dam was completed and its being considered by the National Government for implementation.

**ii) CHALLENGES**

The key challenges include the following:

**Water demand**

Water demand continues to outstrip supply hence necessitating the need for continuation of the water rationing programme. There is a shortage of approx.17,000m<sup>3</sup>/day in Eldoret town 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. The delay in completion of Kipkaren water project has affected the Company since the water from the water treatment plant could have alleviated the current water shortage.

**Debtors**

The net outstanding debts stands at Kshs. 630,910,669 (water & cleansing) for the reporting period compared to Kshs 451,615,533 in the last financial year. A significant proportion of these outstanding debts relate to the standing charges. 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. The company has initiated the process of writing off bad debts.

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**Non- Revenue Water**

In the period under review, NRW stood at an average of 38% and the company has put a lot of emphasis on it with a view of achieving the benchmark target of 25%. With the established NRW unit, and coming up with 27 number strategies, enhanced budget allocation, leak detectors purchased, disciplinary action taken on errant employees, constant raids and arrests, asset management programmes, training, inspection and surveillance of all our existing distribution lines. We have also undertaken a pilot programme on smart metering and installation of HDPE pipes in Kipkorgot, Annex and Elgon View zones. The Company is currently undertaking a District Metering Area (DMA) project to install 97 smart water meters so as to manage distribution of water effectively and to know where water losses occur.

**Project financing**

Inadequate funding to improve and rehabilitate old infrastructure and initiate new expansion development projects.

**SECTION B: Obligations**

The company was able attend to all its financial requirements and obligations in meeting its stakeholders' expectations despite budgetary constraints. The company continued to achieve key performance indicators as stipulated by the license issued by the regulator.

**SECTION C: Operations**

The greatest desire of ELDOWAS is the improvement of access to water and sewerage services to the residents of Eldoret 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 the mandate has put in place plans with a view of increasing the water supply. On the basis of work done so far, there has been a significant improvement in the provision of Water and Sewerage services that have seen hours of water supply improve to 21 hours per day. For the company continue building on these gains, there is need now, for a comprehensive investment plan indicating the investment necessary to achieve the progressive realization of the right to water and sanitation for Eldoret residents. Efforts to increase access have to be reinforced by translating investments into value for money.

**SECTION D: Risk Management**

The organisation's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The company has a risk Management policy in place and has undertaken risk assessment. The major types of risks faced by the organisation are:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk
- iv) Operational risk

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**SECTION E: Loans**

Eldoret Municipal Council (EMC) had borrowed Kshs 1,058 billion from KFW to finance construction of Chebara dam. This loan was not repaid by EMC and when the company was incorporated, assets and liabilities related to the department of water and sewerage were transferred. The company requested National Treasury to restructure and reschedule the outstanding loan. The request was approved on June 2020 out of which the outstanding loan was reviewed to Kshs. 372,496,364 alongside the repayment schedule. The outstanding loan amount is Ksh. 210,000,000. The company has the following other outstanding loans: Expansion of Chebara Treatment plant- Ksh. 266,491,832 Lessos water supply- Ksh 179,092,274 and Ellegirini/Kapsoya water supply- Ksh. 637,172,756

**SECTION F: Assurance**

For the period under review there is no major financial improbity. The Board of Directors as constituted is providing the oversight role effectively.

## **10. ENVIRONMENTAL /SUSTAINABILITY REPORTING**

### **Sustainability Strategy and Profile**

Eldoret Water and Sanitation Company Ltd (ELDOWAS) is committed to delivering quality water and sanitation services in a sustainable manner that supports social, economic, and environmental well-being. Our sustainability strategy is aligned with Kenya's Vision 2030, the Sustainable Development Goals (SDGs), and the Water Act 2016. In particular, we focus on SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action), and SDG 12 (Responsible Consumption and Production).

The Company prioritizes efficient use of natural resources, proactive stakeholder engagement, and inclusive development as part of our mandate to ensure service continuity over the long term. Through the Eldoret-Iten Water Fund (EIWF), we have institutionalized watershed conservation as a climate-resilient water security strategy.

Key macrotrends such as climate change, urbanization, and pressure on water resources have influenced our investment in green infrastructure, automation, water loss reduction, and stakeholder collaboration. During the reporting period, we implemented conservation projects valued at Kshs. 57.4 million and plan to increase this to Kshs. 73.6 million in the next year.

Our procurement policies promote economic inclusion, with Kshs. 107 million and Kshs. 62 million allocated to youth, women, and local suppliers under AGPO and local content initiatives, respectively.

### **Environmental Performance**

ELDOWAS has adopted an environmental management policy that emphasizes conservation, efficient water use, pollution control, and climate change adaptation.

In FY2024/25, our average Non-Revenue Water (NRW) was 38.23%, attributed to infrastructure damages during roadworks, unreported leaks, and illegal connections. Key mitigation strategies included:

- Rehabilitation of 69.7 km of pipelines.
- Calibration and maintenance of production meters.
- Leak detection using KOBO tools and WhatsApp reporting.
- Planned installation of 50,000 smart and smart-enabled meters from WSTF in FY2025/26.

We continue to:

- Transition to paperless systems and automated customer applications.
- Promote reusable packaging and internal waste segregation.
- Utilize solar lighting and energy-efficient appliances at select facilities.
- Maintain fleet vehicles to reduce emissions and fuel consumption.

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**Employee Welfare**

We uphold inclusive hiring policies that promote diversity and equity. During the reporting period:

- Gender mainstreaming achieved 100% of the set target.
- Industrial attachments exceeded targets with 1,200 students trained.
- Safety and health compliance was maintained at 100% in line with OSHA 2007.
- Programs on HIV/AIDS, drug abuse prevention, and disability mainstreaming were implemented with >90% compliance.

Regular staff training, customer service workshops, and reward systems based on performance appraisal are embedded within our human capital strategy.

**Marketplace Practices**

**Ethical Governance and Anti-Corruption**

We maintain a zero-tolerance policy towards corruption. The company recorded increased illegal connections contributing to high NRW, which were addressed through fines and enhanced surveillance. A whistleblower mechanism and stakeholder engagements are in place.

**Customer-Centric Practices**

We implemented the Customer Service Charter with 98% compliance and resolved 96% of complaints within timelines. Outreach included public barazas, roadshows, and consumer clinics. Communication was enhanced through branded materials, social media, and feedback tools.

**Responsible Supply Chain**

ELDOWAS practices transparent and competitive procurement in compliance with the Public Procurement and Asset Disposal Act. Supplier relationships are guided by:

- Fair contract terms.
- Timely payments.
- Inclusion of AGPO groups in procurement.

**Product Stewardship and Consumer Protection**

We safeguard customer interests through:

- Regular water quality tests (100% bacteriological and 98.3% physio-chemical compliance).
- Provision of real-time alerts and redress mechanisms.
- Transparency in tariffs, service timelines, and billing systems.
- Online water application systems to improve efficiency and access.

**Corporate Social Responsibility / Community Engagement**

Key CSR and community engagement activities in FY2024/25 included:

- Tree planting and conservation efforts under EIWF.

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- Social connections for low-income areas and sewerage expansion.
- Participation in exhibitions, conferences, and public forums.
- Support to community sanitation under UBSUP and WSTF projects.

#### **Conclusion**

ELDOWAS remains committed to enhancing environmental sustainability and social impact through innovation, governance, and partnerships. With a forward-looking approach, we aim to reduce NRW to 27%, improve infrastructure efficiency, and deepen community engagement in FY2025/26.

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**11. REPORT OF THE DIRECTORS**

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

**Principal Activity**

The principal activity of the ELDOWAS is to provide Water and Sanitation Services within Eldoret City and its immediate environs in Uasin Gishu County.

**Results**

The results for the year ended June 30, 2025 are shown on page 1 to 5.

**Dividends**

There shall be no dividends declared as per Company's Articles of Association where it states that all profits shall be ploughed back to the company for provision of Water and Sewerage services.

**Directors**

The members of the Board of Directors who served during the year are shown on page vii-ix.

**Independent Auditors**

The Auditor-General is responsible for the statutory audit of the company's books of account in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

The Auditor General carried/will carry out the audit of ELDOWAS for the year/period ended June 30, 2025.

**BY ORDER OF THE BOARD,**

Signed \_\_\_\_\_



**CPA Dr. Lawrence Tanui PhD**

**Managing Director**

Date: \_\_\_\_\_

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**12. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and the Companies Act 2015 of Kenyan Law requires the Directors to prepare financial statements in respect of company which give a true and fair view of the state of affairs of company at the end of the financial year/period and the operating results of company for that year/period. The Directors are also required to ensure that company keeps proper accounting records which disclose with reasonable accuracy the financial position of company. The Directors are also responsible for safeguarding the assets of company. The Directors are responsible for the preparation and presentation of ELDOWAS's financial statements, which give a true and fair view of the state of affairs of ELDOWAS for and as at the end of the financial year ended on June 30, 2025. This responsibility includes;

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

The Directors accept responsibility for ELDOWAS's 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 and the Company Act 2015. The Directors are of the opinion that ELDOWAS's financial statements give a true and fair view of the state of ELDOWAS's transactions during the financial year ended June 30, 2025 and of the ELDOWAS's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for ELDOWAS, which have been relied upon in the preparation of the ELDOWAS's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

ELDOWAS's financial statements were approved by the Board on 25<sup>th</sup> August 2025 and signed on its behalf by:

Signed \_\_\_\_\_



**Hon David Kiptoo Singoei**

**Board Chairman**

Date \_\_\_\_\_

Signed \_\_\_\_\_



**CPA Dr. Lawrence Tanui PhD**

**Managing Director**

Date \_\_\_\_\_

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**14. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 30 JUNE 2025**

	NOTES	2025 Kshs	2024 Kshs
<b>REVENUES</b>			
Operating revenue	6(a)	1,157,275,453	843,162,788
Gain on disposal	7	43,000	
Grant income	8	41,076,670	44,410,307
Eldoret Iten Water Fund	9	44,761,698	76,832,305
Other Income	10	1,507,600	4,721,108
Finance income	11	6,395,204	13,384,627
<b>Total Revenues</b>		<b>1,251,059,625</b>	<b>982,511,136</b>
<b>EXPENSES</b>			
Staff Costs	12	435,659,304	459,376,627
General and Operating Expenses	13	304,453,239	284,167,764
Board Expenses	14	16,632,818	11,001,491
Maintenance Expenses	15	49,793,817	57,149,881
Eldoret Iten Water Fund	16	52,598,116	73,121,130
Depreciation and Amortization expenses	17	216,512,246	180,586,853
Finance costs	18	28,080,724	29,080,516
<b>Total expenses</b>		<b>1,103,730,264</b>	<b>1,094,484,262</b>
<b>Suplus/Deficit</b>		<b>147,329,362</b>	<b>(111,973,127)</b>

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**15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025**

<b>ASSETS</b>	<b>Notes</b>	<b>2025</b>	<b>2024</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Non-current Assets</b>			
Property/plant & Equipment	19	3,006,885,996	3,086,534,832
Intangible Assets	20	221	221
Biological Assets	21	119,909,202	66,578,117
Investments- Treasury bills	22	60,000,000	57,000,000
<b>Total Non-Current Assets</b>		<b>3,186,795,419</b>	<b>3,210,113,170</b>
<b>Current assets</b>			
Inventories	23	70,590,818	91,079,325
Trade and other Receivables	24	687,608,856	509,248,381
Prepayments	25	2,103,943	
Cash & bank balances	26	198,406,418	96,026,581
<b>Total Current Assets</b>		<b>958,710,034</b>	<b>696,354,287</b>
<b>Total Non-Current Assets/Current Assets</b>		<b>4,145,505,453</b>	<b>3,906,467,457</b>
<b>EQUITY</b>			
<b>Capital and Reserves</b>			
Share capital	27	100,000	100,000
Retained Earnings	41	1,481,987,091	1,135,317,568
<b>Capital and Reserves</b>		<b>1,482,087,091</b>	<b>1,135,417,568</b>
<b>Capital fund</b>			
KFW grant for sanitation project	28	593,044,833	622,502,545
Grant National Housing	29	118,065,624	121,755,175
Grant Water Trust Fund	30	44,926,796	46,484,949
Grant Uasin Gishu County	31	195,555,772	195,826,612
		<b>951,593,025</b>	<b>986,569,281</b>
<b>NON-CURRENT LIABILITIES</b>			
National Treasury (KFW Loan)	32	210,000,000	233,333,334
Expansion of chebara Water Works Loans	33	266,491,832	272,905,737
Kesses/ Lessos Augmentation Works Loans	34	179,092,274	183,606,353
Elegrini-Kapsoya Water Project Loans	35	637,172,756	650,310,340
<b>Total Non-current Liabilities</b>		<b>1,292,756,862</b>	<b>1,340,155,764</b>
<b>Current liabilities</b>			
Trade creditors & other payables	36	297,298,943	328,180,238
Customer Deposits	37	121,421,533	114,761,249
Provision for liabilities & other charges	38	348,000	1,383,357
<b>Total Current liabilities</b>		<b>419,068,476</b>	<b>444,324,844</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,145,505,454</b>	<b>3,906,467,458</b>

The financial statements were approved by the Board on **25<sup>th</sup> August 2025** and signed on its behalf by:

Signed   
 CPA Dr. Lawrence Tanui  
 Managing Director

Date \_\_\_\_\_

Signed   
 CPA Dr. Sheila Arusei (ICPAK M/N 31392)  
 General Manager Finance & Strategy

Date \_\_\_\_\_

Signed   
 Hon. David Kiptoo Sing'oei  
 Board Chairman

Date \_\_\_\_\_

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**16. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025**

STATEMENT OF CHANGES IN EQUITY				
	Share Capital Kshs.	Retained Earnings Kshs.	Capital/Development Grants Kshs.	Total Kshs.
At the beginning of the year 01/07/2023	100,000	1,247,290,695	1,039,613,701	<b>2,287,004,396</b>
Surplus for the year		(111,973,127)		<b>(111,973,127)</b>
Grants received during the year (CGUG)			24,424,187	<b>24,424,187</b>
Amortization Income (2023/24)			(77,468,607)	<b>(77,468,607)</b>
<b>At the end of the year 30/06/2024</b>	<b>100,000</b>	<b>1,135,317,568</b>	<b>986,569,281</b>	<b>2,121,986,849</b>
At the beginning of the year 01/07/2024	100,000	1,135,317,568	986,569,281	<b>2,121,986,849</b>
Surplus for the year		147,329,362		<b>147,329,362</b>
Rebates for the year 2024-25		36,279,076		<b>36,279,076</b>
Grants received during the year (CGUG)			4,400,000	<b>4,400,000</b>
Amortization Income (2024/25)			(39,376,256)	<b>(39,376,256)</b>
Provision for doubtful debts		60,000,000		<b>60,000,000</b>
Gains on revaluation of Motor Vehicles 2024-25		49,730,000		<b>49,730,000</b>
Fair Value arising from physical change on the biological assets		53,331,085		<b>53,331,085</b>
<b>At the end of the year 30/06/2025</b>	<b>100,000</b>	<b>1,481,987,091</b>	<b>951,593,025</b>	<b>2,433,680,116</b>

Statement of Change of Equity incorporates Kshs. 4,400,000 in relation to support for County Government of Uasin Gishu Projects

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**17. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2024-25 Kshs	2023-2024 Kshs
<b>Cash Flows from Operating Activities</b>			
Operating Revenue		1,057,049,849	868,921,672
Finance Income	11	6,395,204	13,384,627
Grants -WSTF/Resource Mobilization		6,533,450	34,273,073
Grants - EIWF	9	44,779,972	76,832,305
<b>Total Receipts</b>		<b>1,114,758,475</b>	<b>993,411,677</b>
<b>Payments</b>			
Staff Costs	12	431,670,304	459,376,627
Board Expenses	14	16,632,818	11,001,491
other payments/development		346,319,228	292,660,550
Grants - EIWF		49,727,784	73,784,347
Grants -WSTF UBSUP		5,415,468	1,706,833
<b>Total Payments</b>		<b>849,765,602</b>	<b>838,529,848</b>
<b>Net Cash From/ (Used In) Operating Activities</b>		<b>264,992,873</b>	<b>154,881,829</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant and Equipment (PPE)		(87,133,410)	(70,714,008)
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>(87,133,410)</b>	<b>(70,714,008)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment Of Borrowings		(75,479,626)	(69,910,625)
<b>Net Cash From/ (Used In) Financing Activities</b>		<b>(75,479,626)</b>	<b>(69,910,625)</b>
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>102,379,837</b>	<b>14,257,196</b>
<b>Cash And Cash Equivalents at Beginning of Year</b>		<b>96,026,581</b>	<b>81,769,385</b>
<b>Cash And Cash Equivalents at End of The Year</b>	26	<b>198,406,418</b>	<b>96,026,581</b>

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**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025**

	Original budget	Adjustment	Final Budget	Actuals	Performance Difference	% of utilization
	2024-25	2024-25	2024-25	2024-25	2024-25	2024-25
<b>REVENUES</b>						
Operating revenue	850,304,654	455,366,471	1,305,671,125	1,157,275,453	148,395,672	89%
Eldoret Iten Water Fund	129,596,894		129,596,894	44,761,698	84,835,196	35%
Other Income	127,150,000	(3,500,000)	123,650,000	1,550,600	122,099,400	1%
Finance income	9,903,968	457,949	10,361,917	6,395,204	3,966,713	62%
<b>TOTAL REVENUES</b>	<b>1,116,955,516</b>	<b>452,324,420</b>	<b>1,569,279,936</b>	<b>1,209,982,955</b>	<b>359,296,981</b>	<b>77%</b>
<b>EXPENSES</b>						
Staff Costs	424,798,353	34,246,515	459,044,868	435,659,304	23,385,564	95%
General and Operating Expenses	378,142,207	237,183,135	615,325,342	304,453,239	310,872,103	49%
Eldoret Iten Water Fund	129,596,894		129,596,894	52,598,116	76,998,778	41%
Board Expenses	12,000,000	5,333,333	17,333,333	16,632,818	700,515	96%
Maintenance Expenses	66,913,710	4,871,290	71,785,000	49,793,817	21,991,183	69%
Finance cost-(Loan principal & Interest)	75,479,625	-	75,479,625	75,479,625		100%
<b>TOTAL EXPENSES</b>	<b>1,086,930,789</b>	<b>281,634,273</b>	<b>1,368,565,062</b>	<b>934,616,920</b>	<b>433,948,143</b>	<b>68%</b>
Capital Expenditure	25,310,000	126,005,828	151,315,828	87,133,410	64,682,418	57%
<b>TOTAL EXPENDITURE</b>	<b>1,112,240,789</b>	<b>408,140,101</b>	<b>1,520,380,890</b>	<b>1,021,750,329</b>	<b>498,630,561</b>	<b>67%</b>
<b>RECONCILIATION</b>						
Total Revenue	1,116,955,516	452,324,420	1,569,279,936	1,209,982,955	359,296,981	
Resource Mobilization/External Financing	-		31,615,687	4,400,000	27,215,687	
Grant income				41,076,671	(41,076,671)	
<b>TOTAL REVENUES</b>	<b>1,116,955,516</b>	<b>452,324,420</b>	<b>1,600,895,623</b>	<b>1,255,459,626</b>	<b>345,435,998</b>	<b>78%</b>
TOTAL EXPENDITURE	1,112,240,789	408,140,101	1,520,380,890	1,021,750,330	498,630,561	
LWWDA	4,714,728		4,714,728	2,356,947	2,357,781	
EXSCOW Saving			75,800,004	88,418,510	(12,618,506)	
<b>TOTAL EXPENDITURE</b>	<b>1,116,955,517</b>	<b>408,140,101</b>	<b>1,600,895,622</b>	<b>1,112,525,787</b>	<b>488,369,836</b>	<b>69%</b>

The variance in the budget and actual amounts was caused by the following reasons:

1. *Non-achievement of Budget assumption on NRW which stood at 38% against 36% used during budgeting of revenue which had direct impact on the Income realization and subsequently impacting the expenditure levels.*
2. *Non-achievement on VAT refunds and resource mobilization*
3. *The suspension of tariff from April 2025*

## **19. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Eldoret Water and Sanitation Company Limited (ELDOWAS) was incorporated in October 1997 under Companies act 2015 Laws of Kenya. It started operations in the year 2000. The County Government of Uasin Gishu is the principal shareholder. Under the Water Act 2016, ELDOWAS carries out its functions as a Water Services provider under the license provided by Water Sector Regulatory Board (WASREB). The principal activity of the Company is to provide Water and Sewerage Services within Eldoret Municipality and its immediate environs in Uasin Gishu County.

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.

They have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company.

The financial statements have been prepared in accordance with the PFM Act of 2012, companies Act 2015, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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**3. Application of New and Revised International Financial Reporting Standards (IFRS)**  
**i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> </ul> new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	1 January 2026

*(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)*

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**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 2025.**

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

*(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 company did not early - adopt any new or amended standards in year under review

#### **4. Summary of Significant Accounting Policies**

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

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

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

- i) Revenue from the sale of goods and services** is recognized in the year in which ELDOWAS delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Revenue is recognized in the month in which the ELDOWAS bills its customer based on meter readings of water and sewer consumed
- ii) Grants from National Government** are recognised 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 recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognised as it accrues.

##### **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 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.

**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.

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

**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 recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold Land	Nil
Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	8 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	8 years

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

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

**e) Intangible assets**

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

**f) Amortisation and impairment of intangible assets**

Amortisation 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 recognised so that the asset is written down immediately to its estimated recoverable amount. Equity investments are stated at cost less provision for any permanent diminution in value. Currently ELDOWAS has Treasury bills.

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

**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 consolidated statement of financial position.

**i) Fixed interest investments (bonds)**

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

**j) Quoted investments**

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

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

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

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

**o) Deferred Tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at

the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

**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 amortised cost using the

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effective interest rate method. Amortised 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 capitalised 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 amortised 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.

**t) Retirement benefit obligations**

The entity operates a defined contribution and defined benefit scheme for all full-time employees. The scheme is administered by Local Authorities Pension Trust (LAPTRUST) and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month.

**u) Provision for staff leave pay**

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

**v) Exchange rate differences**

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

**w) Budget information**

The original budget for FY 2024-2025 was approved by the Board and subsequently forwarded to the County Treasury on 20<sup>th</sup> May 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**x) Service concession arrangements**

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

**y) Comparative figures**

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

**z) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**a) Estimates and assumptions**

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

**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 from disposal:

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. 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. The provisions include provision for bad debts, provisions of obsolete stocks estimated as per the standard requirements.

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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2025</b>	<b>2024</b>
<b>6(a) Operating revenue</b>	<b>Kshs</b>	<b>Kshs</b>
Water Sales	841,835,286	583,412,953
Sewerage services	282,219,015	219,384,187
Billing for other services (6(b))	33,221,152	40,365,648
<b>Total</b>	<b>1,157,275,453</b>	<b>843,162,788</b>
Water sales include water billing and meter rent. There was significant increase of revenue after implementing new tariff from November 2024 to March 2025		
<b>6(b) Billing for other services</b>	<b>Kshs</b>	<b>Kshs</b>
Turn on Fees	7,317,524	5,948,170
Reconnection Fees	4,044,200	10,220,200
Penalty/Surcharge	320,660	1,058,572
Estimate of new connection	6,919,613	8,993,980
Sewer Connection Charges	1,946,910	2,558,255
Sale of sludge	186,300	73,200
Blockage Charges	906,000	845,000
Meter Testing	180,500	179,650
Hire of Machinery/Vehicles (bowser)	7,875,707	6,749,715
Water Sampling/Tests	1,987,235	1,948,176
Sale Of Stores	1,536,503	1,790,730
<b>Total</b>	<b>33,221,152</b>	<b>40,365,648</b>
Hire of machinery/vehicles (bowser) relates to sale of water through a tanker of 7,000 and 18,000 litres at the rate of Kshs. 2,500 and Kshs. 6,000 per tanker respectively and there was high demand for the service		
<b>6(c) Rebates</b>	<b>Kshs</b>	<b>Kshs</b>
Water Sales		14,678,612
Sewerage services		3,435,494
<b>Total</b>		<b>18,114,106</b>
<b>7 Gain on Disposal</b>	<b>Kshs</b>	<b>Kshs</b>
Sales	43,000	
<b>Total</b>	<b>43,000</b>	<b>-</b>
<b>8 Grant income</b>	<b>Kshs</b>	<b>Kshs</b>
WSTF - UBSUP	1,700,414	5,034,050
Amortization Income	39,376,256	39,376,257
<b>Total</b>	<b>41,076,670</b>	<b>44,410,307</b>
<b>9 Eldoret Iten Water Fund</b>	<b>Kshs</b>	<b>Kshs</b>
Amount received	44,761,698	76,832,305
<b>Total</b>	<b>44,761,698</b>	<b>76,832,305</b>
This relates with donor funds from The Nature Conservancy (TNC) to support conservation activities at the water catchment areas. There was a closing balance of kshs. 11,926,188 and spending of Kshs.52,598,116 (Note 16)		
<b>10 Other income</b>	<b>Kshs</b>	<b>Kshs</b>
House Rent Income a/c	1,480,000	1,983,250
other income	27,600	1,187,278
other income	-	1,550,580
<b>Total</b>	<b>1,507,600</b>	<b>4,721,108</b>
Rent income relate to payments of rent for cafeteria and staff duty houses at treatment plants whose occupancy is dependent on the number of staff at the site		
<b>11 Finance income</b>	<b>Kshs</b>	<b>Kshs</b>
Interest from treasury bills	2,428,620	7,185,850
interest from commercial banks & financial institutions	3,906,530	6,122,882
Commission	60,054	75,895
<b>Total</b>	<b>6,395,204</b>	<b>13,384,627</b>
Interest from treasury bills related to investments of Kshs.60,000,000 on TB as shown by Note 22, Interest from commercial banks relates to KCB fixed deposit and family bank escrow savings as shown in Note 26 and commission relates to 2.5% agency fees on insurance payroll deductions. The market rates dropped from 15% to between 7%		

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	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>12 Staff Costs</b>		
Gross Salary and Allowances	282,192,911	287,022,216
Casual workers' Wages	55,352,731	77,535,024
Medical insurance schemes	28,508,950	27,485,202
Employer's contributions to NSSF	11,034,641	6,384,495
Employer's contributions to pension scheme	33,985,324	35,176,356
Gratuity	3,953,576	4,700,173
Other allowances	20,631,171	21,073,161
<b>Total</b>	<b>435,659,304</b>	<b>459,376,627</b>

The average number of employees during the year was 417, medical insurance schemes relate to staff medical insurance for the year procured competitively through a tender, NSSF costs increase as a result of implementation of NSSF act 2013 for Tier 1 and Tier 2, gratuity payments relate to 31% payments for CMT staff on contract and other allowances include Affordable housing levy, proficiency bonus, risk, leave travelling, acting, dirty work, special duty, entertainment, hardship and Guide allowances.

	<b>2025</b>	<b>2024</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>13 General and Operating Expenses</b>		
TRAINING/OVERNIGHT COSTS	33,577,004	2,866,280
BUSINESS TRAVEL	14,462,480	14,490,664
OVERNIGHT ALLOWANCE		3,271,450
LICENCES	3,132,307	5,275,392
ELECTRICITY	19,711,583	20,123,132
TELEPHONE	8,263,591	8,670,312
POSTAGE	3,406,949	2,877,527
WASREB FEES	30,863,626	31,387,015
WRA	3,065,750	12,000,000
LAB CHARGES & REAGENTS	5,186,736	3,668,843
WATER & SEWERAGE	5,061,990	3,979,109
GENERAL INSURANCE	5,497,891	4,902,250
SECURITY SERVICES	19,391,542	19,543,109
PRO POOR	597,234	1,129,418
RATES	546,252	160,976
STATIONERY	2,195,815	2,117,443
ADVERT & PUBLIC RELATION	2,912,568	1,418,444
SUBSCRIPTIONS	3,061,753	1,458,153
BANK CHARGES	1,567,151	1,990,633
AUDIT FEES	348,000	348,000
PROFESSIONAL FEES	4,675,693	5,136,886
FUNCTION/CELEBRATION	4,748,397	2,319,355
OTHER OFFICE EXPENSES	5,198,402	3,589,626
WATER CHEMICALS	52,974,203	60,482,907
UNIFORMS	1,355,650	1,957,260
FUEL/OIL/LUBRICANTS	21,225,703	21,280,864
CLEANING & LAUNDRY MATERIAL	5,461,645	5,493,512
HIV/AIDS PROGRAMME/COMMITTEES	74,750	664,460
RENT AREA OFFICES	3,670,685	3,798,626
SPORTS	10,875,804	5,728,197
CSR ACTIVITIES	5,594,020	3,947,115
ISO ACTIVITIES	1,894,018	1,523,921
LEGAL COSTS	3,225,433	3,779,065
NRW ACTIVITIES	6,710,075	1,456,636
TAX ASSESSMENTS AND PENALTIES	3,123,622	15,308,087
STAKEHOLDERS ENGAGEMENT	4,155,266	4,206,100
TOOLS	1,220,150	544,995
COSERV. OF WATER RESOURCES	2,419,501	1,272,000
RE-INVESTMENT OF TB	3,000,000	
<b>Total</b>	<b>304,453,239</b>	<b>284,167,764</b>

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Training and overnight costs include the cost of training fees and overnight (per diem) paid to staff to attend trainings, the increase was as a result of 100% staff training unlike previous year which the two were accounted separately; license cost relates to annual fees for the billing, accounting and payroll system, Microsoft SQ, annual health and safety certificate, effluent discharge license, adobe creative and driving license renewal, postage relates to SMS notifications sent to customers and courier services, general insurance relates to provision of motor vehicle and general insurance services and were procured through competitive tender, security services relates to outsources services of security to our premises and treatment plants, water chemicals include aluminium sulphate, chlorine and polyaluminium chloride for treating water from various treatment plants. Sports costs relates to payments of staff allowances and materials to participate on annual WASCO sports for water utilities, CSR activities relate to payments for corporate activities and upsup toilets supported by WSTF. There was general increase in allocations for different votes and this was occasioned by the implementation of the new tariff in November 2024.

	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>14 Board Expenses</b>		
Chairman Honoraria	1,044,000	552,871
Sitting Allowances	7,862,250	5,211,700
Induction & Training	2,740,458	4,066,200
Travel & Accommodation	1,996,850	-
Others allowances	2,989,260	1,170,720
<b>Total</b>	<b>16,632,818</b>	<b>11,001,491</b>
<b>15 Maintenance Expenses</b>		
BUILDING MAINTENANCE	2,712,382	2,510,041
GROUNDS MAINTENANCE	244,025	
PLANT & MACHINERY MAINT.	7,123,519	13,455,529
METER MAINTENANCE	4,032,947	4,510,979
MAINT. OFFICE EQUIP.	675,905	606,305
OFFI FURN. REPAIRS	9,541	-
VEHICLE REPAIR& MAINT.	6,239,178	7,718,500
REPAIR PARTS & MATERIAL	28,524,167	27,464,288
ACCESS ROAD MAINT.	232,153	884,239
<b>Total</b>	<b>49,793,817</b>	<b>57,149,881</b>
<b>16 Eldoret Iten Water Fund</b>		
Eldoret Iten Water Fund	52,598,116	73,121,130
<b>Total</b>	<b>52,598,116</b>	<b>73,121,130</b>
<b>17 Depreciation and Amortization expenses</b>		
DEPRECIATION	216,512,246	180,586,853
<b>Total</b>	<b>216,512,246</b>	<b>180,586,853</b>
<b>18 Finance Costs</b>		
KWF Loan for Eldoret Water Phase II	5,687,500	6,270,833
Expansion of Chebara Treatment plant	5,548,029	5,677,141
Kesses/Lessos Treatment plant	3,904,678	3,994,959
Elegrini-Kapsoya Water Project Loans	12,940,518	13,137,582
<b>Total</b>	<b>28,080,724</b>	<b>29,080,516</b>
<b>19 Non- Current Assets</b>		

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	Land	Buildings, Water & Sewer Works	Computers, Copies & Faxes	Motor Vehicles and Motor cycles	Meters, Equipment, Furniture & Tools	work in Progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1st July, 2023	132,505,455	4,244,986,368	54,232,896	146,769,854	453,678,283	60,774,674	5,092,947,530
Transferred County		11,416,356				(11,416,356)	-
Additions - Company		11,706,246				(11,706,246)	-
Additions - County		20,681,314					20,681,314
Additions - Company		6,270,868	1,488,500		7,784,867		15,544,235
Disposal			(88,000)				(88,000)
Work in progress						34,488,459	34,488,459
At 30th June, 2023	<b>132,505,455</b>	<b>4,295,061,152</b>	<b>55,633,396</b>	<b>146,769,854</b>	<b>461,463,150</b>	<b>72,140,531</b>	<b>5,163,573,538</b>
DEPRECIATION:							
At 1st July, 2023	-	1,442,986,153	50,641,670	105,230,415	297,681,614	-	1,896,539,852
Disposal			(88,000)	-	-		(88,000)
Depreciation for the year		122,067,926	3,029,567	18,428,689	37,060,672		180,586,854
At 30th June, 2024	-	1,565,054,079	53,583,237	123,659,104	334,742,286	-	2,077,038,706
<b>NET BOOK VALUE:</b>	<b>132,505,455</b>	<b>2,730,007,073</b>	<b>2,050,160</b>	<b>23,110,750</b>	<b>126,720,864</b>	<b>72,140,531</b>	<b>3,086,534,832</b>
At 1st July, 2024	132,505,455	4,295,061,152	55,633,396	146,769,854	461,463,150	72,140,531	5,163,573,538
Transferred - Company		46,996,215				(46,996,215)	-
Additions - Company		15,315,689	1,264,000		13,885,614		30,465,303
Revalued Amount				49,730,000			49,730,000
Disposal/Scrapped				(94,250,509)			(94,250,509)
Work in progress						56,668,107	56,668,107
At 30th June, 2025	<b>132,505,455</b>	<b>4,357,373,056</b>	<b>56,897,396</b>	<b>102,249,345</b>	<b>475,348,764</b>	<b>81,812,423</b>	<b>5,206,186,439</b>
DEPRECIATION:							
At 1st July, 2024	-	1,565,054,079	53,583,237	123,659,104	334,742,286	-	2,077,038,706
Disposal/Scrapped			-	(94,250,509)	-		(94,250,509)
Depreciation for the year	-	150,835,565	1,975,327	25,011,000	38,690,354	-	216,512,246
At 30th June, 2025	-	1,715,889,644	55,558,564	54,419,595	373,432,640	-	2,199,300,443
<b>NET BOOK VALUE:</b>	<b>132,505,455</b>	<b>2,641,483,412</b>	<b>1,338,833</b>	<b>47,829,750</b>	<b>101,916,124</b>	<b>81,812,423</b>	<b>3,006,885,996</b>

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	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>20 Intangible Assets</b>		
Net Book Value	221	221
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>21 Biological Assets</b>		
Fair value at the beginning of the year	66,578,117	66,578,117
Additional at cost		
Fair value arising from physical changed	53,331,085	
Fair value at the end of the year	119,909,202	66,578,117
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>22 Investments</b>		
Treasury bills	60,000,000	57,000,000
	60,000,000	57,000,000
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>23 Inventories</b>		
General stores	2,225,736	2,377,587
Stationery	1,684,802	1,606,649
Electrical items	482,682	568,674
Water fittings and chemicals	50,075,353	54,412,800
Laboratory items	44,564	-
County Pipes and Fittings	16,077,680	32,113,615
	<b>70,590,818</b>	<b>91,079,325</b>
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>24 Trade and other Receivables</b>		
Trade receivables	578,702,924	462,235,972
Cleansing	52,207,745	49,379,561
Less provision for doubtful debts		(60,000,000)
Net Trade receivables	630,910,669	451,615,533
Add: Debtors General	675,641	901,915
Contracted staff & casuals	12,498	15,000
Vat Refunds	48,584,233	48,584,233
Utilities Deposits	7,425,815	7,155,100
other advances		976,600
Total Receivables	<b>687,608,856</b>	<b>509,248,381</b>
<b>25 Prepayments</b>	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
other advances	2,103,943	
	<b>2,103,943</b>	
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>26 Cash and bank balances</b>		
Standard chartered Bank Kenya Ltd		
Collection account	847,351	1,476,854
Operation account	4,452,151	1,556,832
	5,299,502	3,033,686
KCB Accounts		
Loan Repayment	302,388	42,101
Customer Deposit	857,368	4,590
Customer Collection	2,150,830	443,993
KCB Fixed Deposit	88,000,000	50,000,000
Equity Bank	5,245,224	25,237,633
Family Bank	2,536,479	11,926,188
Family Bank CLSG	68	68
Family Bank Collection	296,175	162,998

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Family Bank Dollar	3,867,069	
Family bank ESCROW	88,418,510	1,168,550
Family bank UBSUP P2		3,319,876
M Pesa	1,382,807	293,664
M Pesa transit		343,235
Petty cash	50,000	50,000
	<b>198,406,418</b>	<b>96,026,581</b>
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>27 Share capital</b>	100,000	100,000
Authorised, issued and fully paid 5,000 shares of Ksh 20/- each	<b>100,000</b>	<b>100,000</b>
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>28 KFW grant for sanitation project</b>	622,502,545	651,960,257
Balance B/F	(29,457,712)	(29,457,712)
less Amortization for the Year	<b>593,044,833</b>	<b>622,502,545</b>
Balance C/F		
This grant was for rehabilitation of quarry treatment works, extension of sewer networks and construction of new sewerage treatment at kipkenyo. The company has been amortizing this grant every year	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>29 Grant National Housing</b>	121,755,175	125,444,726
Balance B/F	(3,689,551)	(3,689,551)
less Amortization for the Year	<b>118,065,624</b>	<b>121,755,175</b>
Balance C/F		
The Ministry of National Housing and Corporation financed the construction of Langas- kipkaren trunk Sewerline. The project started in september 2009 and was completed in August 2011	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>30 Grant Water Trust Fund</b>	46,484,949	48,043,103
Balance B/F	-	-
Grants received during the year	(1,558,153)	(1,558,154)
less Amortization for the Year	<b>44,926,796</b>	<b>46,484,949</b>
Balance C/F		
These are grants from Water Trust Fund to provided Water and Sanitation Services in informal settlement schemes within Eldoret Municipality. The 1st Call was received in 2009 and the company has been receiving funds upto 5th call by end of 30th June 2014	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>31 Grant from County Government of Uasin Gishu</b>	195,826,612	176,073,265
Balance B/F	4,400,000	24,424,187
Grants received during the year	(4,670,840)	(4,670,840)
less Amortization for the Year	<b>195,555,772</b>	<b>195,826,612</b>
Balance C/F		
The company received the Grant from County Government of Uasin Gishu to Improve water networks	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>32 National Treasury (KFW Loan)</b>	233,333,334	256,666,667
Loans	(23,333,334)	(23,333,333)
Principal paid	<b>210,000,000</b>	<b>233,333,334</b>
	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>LVNWWDA - Expansion of Chebara Water Works</b>		
<b>33 Loans</b>	272,905,737	279,319,643
Loans	(6,413,906)	(6,413,906)
Principal paid	<b>266,491,831</b>	<b>272,905,737</b>

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	<b>2025</b>	<b>2024</b>
<b>LVNWWDA - Kesses/ Lessos Augmentation Works</b>		
<b>34 Loans</b>	<b>Kshs</b>	<b>Kshs</b>
Loans	183,606,353	188,120,431
Principal paid	(4,514,078)	(4,514,078)
	<b>179,092,275</b>	<b>183,606,353</b>
<b>LVNWWDA - Elegrini-Kapsoya Water Project Loans</b>		
<b>35 Loans</b>	<b>Kshs</b>	<b>Kshs</b>
Loans	650,310,340	656,879,132
Principal paid	(13,137,584)	(6,568,792)
	<b>637,172,756</b>	<b>650,310,340</b>
<b>Trade and other payables</b>		
<b>36 Trade</b>	<b>Kshs</b>	<b>Kshs</b>
Trade	100,127,216	111,773,218
Payroll	73,170	105,915
Cleansing charges	120,553,589	109,594,579
Accrued expenses payable	23,167,058	25,524,422
VAT Withholding	1,138,745	
Advance payments	24,472,100	17,135,962
Outstanding rebates	27,767,065	64,046,141
	<b>297,298,943</b>	<b>328,180,238</b>
<b>Customer deposits</b>		
<b>37 Balance B/f</b>	<b>Kshs</b>	<b>Kshs</b>
Balance B/f	114,761,249	106,222,730
Additions	6,660,284	8,538,519
Balance c/f	<b>121,421,533</b>	<b>114,761,249</b>
These are deposits received from customers pursuant to water supply agreements.		
<b>38 Provisions</b>	<b>2025</b>	<b>2024</b>
Audit fees	348,000	348,000
		1,035,357
	<b>348,000</b>	<b>1,383,357</b>
<b>39 Transactions with related parties</b>		
<b>a) Sales to related parties</b>	<b>2025</b>	<b>2024</b>
Sales to County Government Uasin Gishu	55,072,340	61,131,264
	<b>55,072,340</b>	<b>61,131,264</b>
<b>b) Grants from County Government Uasin Gishu</b>	<b>2025</b>	<b>2024</b>
	4,400,000	24,424,187
	<b>4,400,000</b>	<b>24,424,187</b>
<b>c) Key Management Compensation</b>	<b>2025</b>	<b>2024</b>
Board allowances and Honoraria	16,632,818	11,001,491
Key Management allowance	22,938,590	16,968,385
	<b>39,571,408</b>	<b>27,969,876</b>
<b>40(a) Contingent Asset</b>	<b>2025</b>	<b>2024</b>
Grant receivable from CGUG	4,400,000	24,424,187
<b>Total</b>	<b>4,400,000</b>	<b>24,424,187</b>

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<b>40(b) Contingent Liabilities</b>	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Court cases against the Company	9,300,000	20,240,736
Billing from suspended tariff	353,254,063	
Bank guarantees in favour of WASREB	5,770,715	5,500,000
<b>Total</b>	<b>368,324,778</b>	<b>25,740,736</b>

<b>41 Retained Earning</b>	<b>2025</b>	<b>2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Opening Balance	1,135,317,568	1,247,290,695
Surplus/Deficit	147,329,362	(111,973,127)
Revaluation of Motor Vehicles 2024-25	49,730,000	
Provision for doubtful debts	60,000,000	
Valuation of biological assets	53,331,085	
Adjustment of customer rebates	36,279,076	
<b>Closing Balance</b>	<b>1,481,987,091</b>	<b>1,135,317,568</b>

**42 Financial Risk Management**

The Company's activities expose it to a variety of financial risks including credit and liquidity risk. 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) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>
<b>At 30 June 2025</b>		
Receivables from customer transactions	630,910,669	630,910,669
Bank balances	198,406,418	198,406,418
<b>Total</b>	<b>829,317,087</b>	<b>829,317,087</b>
<b>At 30 June 2024</b>		
Receivables from customer transactions	451,615,533	451,615,533
Bank balances	96,026,581	96,026,581
<b>Total</b>	<b>547,642,114</b>	<b>547,642,114</b>

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Company's Board of Directors Directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Current</b>	<b>Between 1-3 months</b>	<b>Over 3 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2025</b>				
Trade payables	42,163,506	26,546,020	31,417,690	100,127,216
<b>Total</b>	<b>42,163,506</b>	<b>26,546,020</b>	<b>31,417,690</b>	<b>100,127,216</b>
<b>At 30 June 2024</b>				
Trade payables	55,204,137	26,935,511	29,633,571	111,773,218
<b>Total</b>	<b>55,204,137</b>	<b>26,935,511</b>	<b>29,633,571</b>	<b>111,773,218</b>

**(iii) Market risk**

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

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

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

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

**(iv) Interest rate risk**

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

**i) Management of interest rate risk**

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

**ii) Sensitivity analysis**

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**iii) Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value**

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

**b) Financial instruments not measured at fair value**

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**43. Incorporation**

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

**44. Events After the Reporting Period**

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

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**20. APPENDICES (A): ON-GOING PROJECTS (WORK-IN-PROGRESS)**

Work In Progress		
Company /County Water Projects (WIP)		
HURUMA WARD WATER	813,694.00	County
SAROYOT WATER	368,937.00	County
KINGONGO ODALA	363,248.00	County
BONDENI KINGONGO	1,503,301.00	County
RACE COURSE ASK	5,840,080.00	County
KIPKENYO SEWER 2	3,466,759.00	County
LANGAS SEWER PH 5	10,973,594.00	County
KAPSILIOT WATER PROJECT	1,164,338.00	County
ILULA WATER	1,377,993.00	County
Shayona Sport club	2,805,824.00	Company
KAMPI KARTASI SEWER	3,319,124.00	Company
NAIBERI WATER PHASE 2	968,848.00	Company
ROYALTON	1,095,798.00	Company
LANGAS WATER REH	3,778,863.00	Company
MAILINNE WATER REH	4,413,443.00	Company
Company Support on County Pipes	6,536,259.00	Company
County Pipes Materials Projects	33,022,320.00	County
<b>Total</b>	<b>81,812,423.00</b>	

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**(B): PROGRESS ON THE REPORT OF THE AUDITOR GENERAL ON THE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2024**

Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
A) <b>Basis for Qualified Opinion</b>				
1.	<p><b>Unsupported Water Sales</b></p> <p>The statement of profit or loss and other comprehensive income for the year and as disclosed in note 6(a) to the financial statements reflects operating revenue of Kshs.843,162,788 which includes water sale amount of Kshs.583,412,953. However, Management did not provide sales ledgers, schedules and analysis to confirm water sale balance of Kshs.583,412,953.</p> <p>In the circumstances, the accuracy of the water sales balance of Kshs.583,412,953 could not be confirmed.</p>	<p><i>The supporting sales ledger and schedules was provided via soft copy.</i></p>	Resolved	
2.	<p><b>Property, Plant and Equipment</b></p> <p><b>2.1 Valuation of Assets</b></p> <p>As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,086,543,832 and as disclosed in Note 19 to the financial statements. However, an updated valuation report for the assets was not provided for audit review and therefore the values of the assets may not be accurate. Further, review of assets registers and other documents provided for audit revealed that assets with</p>	<p><i>The management of ELDOWAS is cognizant of the fact that revaluation of company's assets is necessary. The revaluation exercise is scheduled to take place in the financial year 2025/2026 and therefore will be considered in the budget for the same period.</i></p> <p><i>The assets (PPE) were recognized using the cost model, with assets being carried at historical cost less accumulated depreciation (IAS 16). Depreciation</i></p>	Resolved	

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Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
	<p>acquisition costs of Kshs.263,590,292 had been fully depreciated but continued to be in use without any book values.</p> <p><b>2.2 Motor Vehicles</b>            Similarly, as previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,086,543,832 and as disclosed in Note 19 to the financial statements. However, this includes an amount of Kshs.23,110,750 in respect to motor vehicles and motor cycles of which a review of letters from Lake Victoria North Water Services Board revealed that the board transferred ownership of two vehicles to the Company. However, the log books are still in the name of a contractor. No explanation has been provided as to why the ownership documents have not been transferred to the Company.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,086,543,832 could not be confirmed.</p>	<p><i>methodology follows established accounting standards, and it is based on the useful lives and estimated residual values determined at the time of acquisition of the asset.</i></p> <p><i>While recognizing the merits of revaluation under certain circumstances, the assets (PPE) have consistently been recorded using the cost model</i></p> <p><i>The agency (LVNWWDA) financed various projects for the company and handed over the contract works including motor vehicles upon completion of the projects. However, ownership of the two motor vehicles remains with the agency until clearance of the liability advanced to the company by the agency as stipulated in section 69(2) of the Water Act.</i></p>	<p><b>Resolved</b></p>	

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Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
3.	<p><b>Trade and Other Receivables</b>  <b>3.1 Long Outstanding Trade Receivables</b></p> <p>The statement of financial position and as disclosed in Note 24 to the financial statements reflects a balance of Kshs.509,248,381 in respect of trade and other receivables. However, the Management did not provide for audit review an updated debtor's ledger showing balances brought forward, amount accrued for the current period, payments received and the ages of the running balance as at the end of the financial year. Further, there was no evidence provided of the recovery efforts and measures including legal action taken by Management to reduce the debts. In addition, an ageing analysis was not provided to confirm how long the debts have remained outstanding. Further an approved debt management policy was not provided to ascertain the terms under which debts are granted.</p> <p>In the circumstances, the, validity, accuracy and recoverability of completeness and authenticity of trade and other receivables balance of Kshs.509,248,381 could not be confirmed.</p>	<p><i>The updated trade receivables ledger for the year was shared via soft copy.</i></p> <p><i>The company has initiated several debt recovery measures to ensure the long outstanding debts have been reducing over period.</i></p> <p><i>Key among the strategies put in place are;</i></p> <p><i>a) Various debt collection methodologies including auctioneers, legal (advocates), institutional debt collectors, and also credit reference bureaus have been used to enhance debt collection.</i></p> <p><i>b) Debt collectors were engaged to follow on debts in terminated and inactive accounts that are more than one-year-old key among them are the government related debts some of which have been outstanding for long.</i></p> <p><i>c) An alternative dispute resolution mechanism through the Attorney General's office in Eldoret has been instituted to</i></p>	Partly Resolved	

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Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
	<p><b>3.2 Doubtful Recovery of Value Added Tax (VAT) Refunds</b></p> <p><b>As previous previously,</b> the statement of financial position reflects trade and other receivables balance of Kshs.509,248,381 which includes VAT refunds balance of Kshs.48,584,233, as disclosed in Note 24 to the financial statements. Examination of documents provided for audit revealed that applications for VAT refunds totaling Kshs.48,584,233 were made between April, 2011 and June, 2018 to Kenya revenue</p>	<p><i>ensure that disputed debts with government related institutions are agreed upon and payment plans/ commitments drawn.</i></p> <p><i>d) Clients with debts are forced to clear their outstanding debts in other plots before being allowed to apply new water connections in other plots.</i></p> <p><i>e) There is an ongoing recommendation to write off long outstanding and irrecoverable debts through the CEC Finance and treasury (County government of Uasin Gishu)</i></p> <p><i>The ageing analysis for outstanding trade receivables was provided.</i></p> <p><i>The commercial policy which shows the debt management policy of the company was provided.</i></p> <p><i>In 2018, Tax laws were amended that changed natural water from being zero rated commodity to tax-exempt which made the supply of water not to be claimable as input tax. The amount due from KRA was</i></p>	<p><b>Partly resolved</b></p>	

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Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
	<p>Authority. However, as at the time of audit in December, 2024, no refund had been received by the Company in respect of these applications. Further, no evidence was provided to show any further attempt by Management to recover these refunds from Kenya Revenue Authority.</p> <p>In the circumstances, the, validity, accuracy and recoverability of trade and other receivables Kshs.48,584,233 could not be confirmed.</p>	<p><i>Kshs.93,338,335 in the year 2018 out of which some amount was received leaving an outstanding balance at Ksh.48,584,233. The company has been proactively monitoring and addressing the issue and the recent meetings with KRA, indicate that claims are currently under process at the KRA MST department.</i></p>		
4.	<p><b>Long Outstanding Trade Creditors and Other Payables</b></p> <p>The statement of financial position and as disclosed in Note 35 to the financial statements reflects a balance of Kshs.328,180,238 in respect of trade and other payables which included Kshs.111,773,218 owed to suppliers and other service providers out of which Kshs.80,599,844 were long outstanding regulatory fees and to the suppliers of goods and services. The significant balances owed to supplies of goods and services poses risk of incurring nugatory expenditure through interest and penalties that could arise from litigation by the creditors for failure to settle amounts owed within the contractual timelines. In the circumstances, the accuracy, completeness and authenticity of</p>	<p><i>The main reason for delayed creditors totaling Kshs.111,773,218.33 was cashflow challenges experienced by the company in the year under review. A substantial amount of the unpaid bills included obligations to WASREB Kshs.15,982,660 on regulatory levies and WRA Kshs.12,000,000 levies which are being disputed in court. The company's credit policy is 60</i></p>	Resolved	

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Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
	the trade and other payables balance of Kshs.328,180,238 could not be confirmed.	<i>days and an amount of Kshs. 74,935,022 falls within the 2-month credit period. A detailed analysis of the unpaid bills was provided. The company has managed to pay most of the creditors and the remaining balance as at 28<sup>th</sup> February,2025 is Kshs.12,300,805/= after implementing the new tariff.</i>		
5.	<p><b>Unsupported Share Capital</b></p> <p>The statement of financial position and note 26 to the financial statements reflects a balance of Kshs.100,000 in respect of ordinary share capital of the Company. However, share certificates, CR12, Articles and Memorandum of Association were not provided for audit review to support the balance. Further, the annual statutory returns to the Registrar of Companies were not provided for audit verification to confirm the directorship of the Company. In the circumstances, the accuracy of the ordinary share capital balance of Kshs.100,000 could not be confirmed.</p>	<i>Filing of company return is a continuous process. There was a replacement of the company's directors in December 2023 as per attached board resolution. Therefore, the process of registering the company's new shareholding structure is underway. An attachment showing the last CR12, the articles of association and the memorandum of association was provided.</i>	<b>Resolved</b>	
6.	<b>Unresolved Prior Year Audit Matters</b>			

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	<p>In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, no report nor recommendations from the Management of the Eldoret Water and Sanitation Company Limited and oversight bodies was submitted for audit verification. The issues remain unresolved contrary to Section 68(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for National Government entities to try to resolve any issues resulting from an audit that remain outstanding.</p>	<p><i>The company has continuously worked to address and improve on previous-year issues, as disclosed in the financial statement. The progress reports on the Auditor General's findings for the company covered in the year ended June 30, 2023 are being addressed by the Board of Directors audit committee.</i></p>	<p><b>Resolved</b></p>	
7.	<p><b>Non-Revenue Water</b></p> <p>The statement of profit or loss and other comprehensive income reflects operating revenue totaling Kshs.843,162,788 which includes water sales amount of Kshs.583,412,953, as disclosed in Note 6(a) to the financial statements. Analysis of the Company's water production and billing records revealed total water production of 15,360,549m<sup>3</sup> but billed only 8,975,584m<sup>3</sup>, therefore, leaving a total of 6,384,965m<sup>3</sup> unaccounted for, or 42% of the total</p>	<p><i>The total water production is 15,360,549 m<sup>3</sup> but billed 9,844,085 m<sup>3</sup> resulting to NRW of 37% and has been declining.</i></p> <p><i>The company has formulated NRW strategies which are currently under implementation to reduce the water losses which include;</i></p>	<p><b>Partly Resolved</b></p>	

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	<p>production, translating to a loss in revenue of Kshs.415,022,720. This is contrary to WASREB guidelines which sets the acceptable level of non-revenue water at 25%.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>a) <i>Creation of District metered area (DMA's) and sub-DMA's</i></p> <p>b) <i>The company has bought more than 10,000 water meters in the financial year 2022-2023 to replace defective and aged meters. This will enable the company to get accurate meter readings which would eventually lead to the reduction of NRW values. So far 7,100 water meters have been replaced as at 30<sup>th</sup> June 2024</i></p> <p>c) <i>Pressure monitoring and control is also being carried out along the Chebara offtakes this being a high-pressure zone area. A team has been put in place to check the pressures and regulate them so that the NRW values in those areas are reduced</i></p> <p>d) <i>The company has also invested in leak detection equipment.</i>  <i>(Appendix 7.1a)</i></p> <p>✓ <i>The Company has engaged the water sector trust fund (WSTF) to fund the reconstruction of the old water pipes. Most of the pipelines in Eldowas service areas were laid in 1960's and are worn out accounting for more than 20 % of physical losses. This project is capital intensive thus the</i></p>		

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		<p>Company has requested assistance from the Water Sector Trust fund so as to implement the project. After implementation of the project NRW values would go down since the physical losses would be eradicated. (Appendix 7b)</p> <p>✓ The company has a new tariff that has considered replacement of old water networks covering the period 2025 to 2029(Appendix 7c)</p> <p>✓ The Company has also engaged the water sector trust fund (WSTF) to fund the supply and installation of smart water meters and domestic water meters which is around 50,000 in number.</p>		
8.	<p><b>Over Expenditure on Staff Costs</b></p> <p>The statement of profit or loss and other comprehensive income reflects total expenses balance of Kshs.1,094,484,262 which includes staff costs of Kshs.459,376,627, general and operating expenses of Kshs.284,167,764 and maintenance expenses of Kshs.57,149,881, all totaling</p>	<p>The Company has a new tariff which was implemented from November 2024.The tariff has enhanced operation and maintenance costs which had been constrained by the old tariff and the current ratio of staff cost to O&amp;M to an average 43%.</p>	Partly Resolved	

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	<p>Kshs.800,694,272. However, the staff costs constitute seventy-three (73%) of the costs. This is contrary to Section 3.9.10 of Water Service Regulatory Board Corporate Governance Guidelines, 2018 which states that when fixing remuneration of staff, the total expenditure for each financial year must not exceed the benchmark set for the services sector by nationally, so that personnel costs as share of operations and maintenance cost shall be contained within the parameter of 35% for a large company.</p> <p>In the circumstances, Management was in breach of the law.</p>			
9.	<p><b>Non-Compliance with Law on Ethnic Composition</b></p> <p>A review of the human resource data revealed that the Agency had a total of three hundred and fifty-five (355) employees out of which two hundred and sixty-six (266) are from one dominant ethnic community representing 73% of staff population. This is contrary to</p>	<p><i>The Company inherited majority of its staff from the defunct Eldoret Municipal Council during its formative stages thus having limited control on the Ethnic composition of those transferred to the water utility. Efforts to address the issue of Ethnic</i></p>	Resolved	

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	<p>the requirements of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of law.</p>	<p><i>compositions are ongoing and whenever recruitment is done, the company ensures that it is compliant to the law. The company is an equal opportunity employer whenever there is internal or external advertisement. The successful candidate is usually considered objectively based on merit. There is no discrimination whatsoever in employment within the company.</i></p>		
10.	<p><b>Failure to Carry Out Board Performance Evaluation</b></p> <p>The statement of financial performance and as disclosed in note 14 to the financial statements reflects Kshs.11,001,491 in relation to board expenses. However, the board performance and evaluation reports were not provided for audit review to establish if the water company had set criteria for evaluation of the board or whether evaluation of their performance had been done. This is in contravention of Chapter One of Mwongozo on Board of Directors Section 1.12 on Board Evaluation which requires that the Board of directors should determine its performance criteria and undertake an annual evaluation of its performance and file a report with the parent ministry and State Corporation Advisory Committee.</p>	<p><i>The Company did not have directors from May 2023 to December 2023 when the Current Board of Directors were appointed. Board evaluation being an annual activity was carried out between 16<sup>th</sup> to 18<sup>th</sup> December 2024 when the board completed their first year in Office.</i></p> <p><i>(Appendix 10)</i></p>	Resolved	

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Reference No. Report of the Auditor General	Issue / Observations from Auditor	Management comments/ Response / Status	Status Resolved or Not Resolved	Timeframe
	In the circumstances, Management was in breach of the law.			

Signed   
**CPA Dr. Lawrence Tanui**  
**Managing Director**  
 Date \_\_\_\_\_

Signed   
**Hon. David Kiptoo Singoei**  
**Board Chairman**  
 Date \_\_\_\_\_

**Eldoret Water and Sanitation Company Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025**

**(C): INTER-ENTITY TRANSFERS**

NAME:		ELDORET WATER AND SANITATION CO. LTD		
Break down of Transfers				
FY 2024/2025				
		Bank Statement Date	Amount (KShs)	The FY to which the amounts relate
a.	Development Grants			
	CGUG on project Financing	21 <sup>st</sup> February 2025	4,400,000	2024/25
		<b>Total</b>		

The above amounts have been communicated to and reconciled with the County Government of Uasin Gishu. Kshs.4,400,000 was allocated for Kapsiliot Water Project Karuna Meibeki Ward project.

**General Manager Financial Services Planning**

Signed *[Signature]*

**Chief Officer Finance and Economic**

Signed *[Signature]*  
