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REPORT

OF

THE AUDITOR-GENERAL

ON

BUSIA WATER AND SEWERAGE SERVICES  
COMPANY LIMITED

FOR THE YEAR ENDED  
30 JUNE, 2025

PAPERS LAID	
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**BUSIA WATER AND SEWERAGE SERVICES COMPANY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

### **A. Acronyms**

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>BUWASSCO</i>	<i>Busia Water and Sewerage Services Company Limited</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>FY</i>	<i>Financial Year</i>
<i>BOD</i>	<i>Board of Directors</i>
<i>FIFO</i>	<i>First In First Out</i>
<i>IAS</i>	<i>International Accounting Standards</i>
<i>KURA</i>	<i>Kenya Urban Roads Authority</i>
<i>WARMA</i>	<i>Water Resource Management Authority</i>
<i>WHO</i>	<i>World Health Organization</i>
<i>KWBS</i>	<i>Kakamega Busia Water Supply</i>
<i>NEMA</i>	<i>National environmental Management Authority</i>
<i>NRW</i>	<i>Non Revenue Water</i>
<i>PVC</i>	<i>Polyvinyl chloride</i>
<i>HDPE</i>	<i>high density Polyethene Pipe</i>
<i>ERP</i>	<i>Enterprise Resource Planning</i>
<i>KPLC</i>	<i>Kenya Power and Lightening Company</i>

### **B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

**Comparative Year**- Means the prior period.

## **2. Key Entity Information**

### **Background information**

Busia Water and Sewerage Services Company (BUWASSCO) was incorporated on 14<sup>th</sup> April 2014 under the Companies Act Cap .486. At County level, the Company is represented by the County Executive Committee Member responsible for Water, Environment, Irrigation and Natural Resources who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and operates through seven (7) schemes namely; Mundika, Nambale, Matayos, Malakisi, Amukura, Amagoro and Bujumba/Burinda.

### **Principal Activities**

The principal activity of the Company is to Provide water and sanitation services to the residents of Busia County and Ensure that County assets for water service provision entrusted to the Company are maintained and are in good working condition

### ***Vision, Mission and Core Values***

#### **Vision**

A leading, sustainable and reliable provider of quality, affordable water and sewerage services in East Africa.

#### **Mission**

To provide safe, reliable affordable water and sewerage services in a sustainable manner to the residents of Busia County.

#### **Core Values**

- Professionalism
- Accountability
- Customer Focus
- Equity
- Integrity.

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**Board of Directors**

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

1. Mr. Patrick Sanya Odame -Chairman - Appointed on 11<sup>th</sup> September 2023
2. Hon. Eng. Andrew Meso -Executive Director –CECM Water, Irrigation, Environment  
Natural Resources and Climate change
3. Hon. Topister Wanyama –Executive Director-CECM Finance, ICT & Economic Planning
4. Michael Etyang Owaya –Member – Appointed on 11<sup>th</sup> September 2023
5. Eng. Oliver Khabure - Member - Appointed on 11<sup>th</sup> September 2023
6. Ms. Marian Murunga – Member - Appointed on 11<sup>th</sup> September 2023
7. Prof. Christopher Ngacho - Member - Appointed on 11<sup>th</sup> September 2023
8. Mr. Collins N. Oduori – Managing Director - Appointed on 9<sup>th</sup> December 2024

**Registered Office**

P.O. Box 392-50400  
Dept. of Water, Irrigation, Environment & Natural Resources compound  
Equity Bank-Posta-Forest Road  
Busia, Kenya

**Corporate Headquarters**

County Government of Busia  
Dept. of Water, Irrigation, Environment & Natural Resources compound  
Equity Bank-Posta-Forest Road  
Busia, Kenya

**Corporate Contacts**

Telephone: (254) 796523854  
E-mail: info@buwasco.co.ke  
Website: www.buwasco.co.ke

**Corporate Bankers**

Bankers  
Cooperative Bank of Kenya  
P.O Box 595-50400,  
Busia Branch

Equity Bank  
P.O. Box 553-50400,  
Busia Branch

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Kenya Commercial Bank  
P.O. Box 27-50400  
Busia Branch

**Independent Auditor**




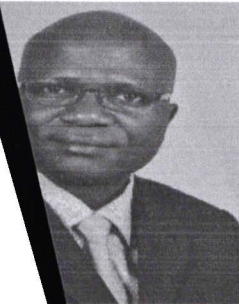
Auditor General  
The Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084GPO 00100  
Nairobi, Kenya

**Principal Legal Advisers**

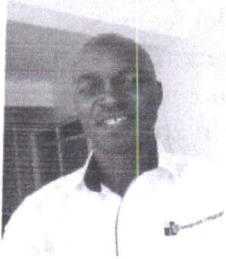
The Attorney General  
State Law Office, Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

Io  
Michael E

**3. The Board of Directors**

Directors	Details
 <p>Mr. Patrick Sanya Odame</p>	<p>He is the Chairperson Board of Directors.                      Age: He is 61 years old.                      He holds an MBA in Strategic Marketing and a Bachelor of Science.                      He has vast experience in Public Sector Management and a seasoned corporate leader with over three decades experience. He is an independent director</p>
 <p>Hon, Eng. Andrew Meso</p>	<p>He is an executive director, the CECM Water, Irrigation, Environment, Natural Resources and Climate Change. He holds a Bachelor of Science Civil Engineering. He holds immeasurable experience in water industry with over a decade of hands on in the industry.</p>
 <p>n. Topista Wanyama</p>	<p>She is an executive director, the CECM Finance, ICT and Economic Planning. She has extensive experience in banking sector.</p>
 <p>Oyang Owaya</p>	<p>He is an independent director. He is the Chairperson Finance and Administration Committee at Board Level.                      Age: He is 46 years old. Holds an MBA in strategic management and International BA Finance plus CPA  <b>Professional Affiliation:</b>                      Kenya institute of management-Kenya</p>

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Eng. Oliver Khabure

He is an independent director. He is the Chairperson Technical Committee at Board Level.

Age: He is 55 years old. Holds an MBA Project Management ; University of Wales BSc Civil Engineering from University of Nairobi.

**Professional Affiliation**

Engineers Board of Kenya, Institution of Engineers Kenya, Architectural Association of Kenya, Association of Consulting Engineers,Chartered Institute of Arbitrators.



Ms Marian Murunga

She is an independent director. He is the Chairperson Audit Committee at Board Level.

Age: She is 29 years old. Holds a Bachelor of Science in Business and Information Management.



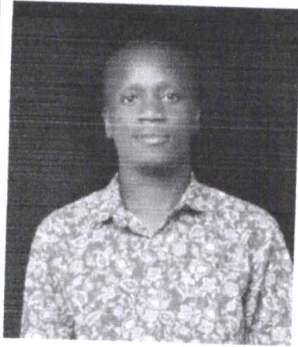
Prof. Christopher Ngacho

He is an independent director. Age: He is 53 years old. Holds BCOM-Management Science(UoN), MBA (UoN) and a PhD in Operations Management from faculty of management studies(FMS) Delhi University.

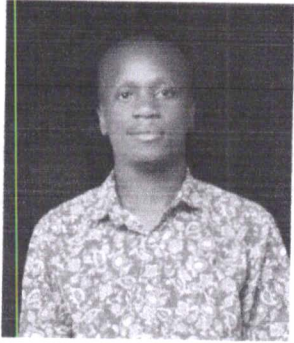

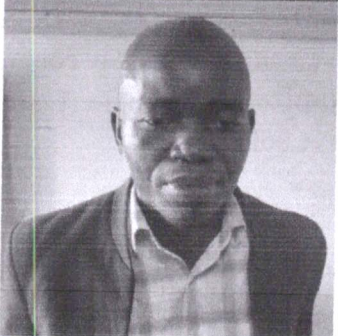
A university lecturer for the last 24years teaching in various institutions;Egerton,Kenyatta University,St.Pauls Unversity,KCA ,KIM & currently Kisii University.

He is a member operations management society of Kenya,Peer reviewer CUE &curriculum developer, external examiner at various universities in Kenya &also a visiting professor University of Lusaka, Zambia as well as Africa

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	<p>Zeal University South Sudan.</p>
<p>Mr. Collins N. Oduor MD</p>	<p>Mr. Oduori holds a Bachelor's degree in Soil, Water and Environmental Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT), awarded in 2017 with Second Class Honours. He is currently pursuing a Master of Science in Water Resource Engineering at Masinde Muliro University of Science and Technology (MMUST). He also holds professional certifications in Computer Applications and Online Marketing Fundamentals (Google Africa, 2018). With over 10 years of progressive experience in the water and sanitation sector, Mr. Oduori has demonstrated technical leadership, institutional strengthening, and a commitment to innovation in service delivery.</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p>Mr. Collins N. Oduor Managing Director</p>	<p>Mr. Oduori holds a Bachelor’s degree in Soil, Water and Environmental Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT), awarded in 2017 with Second Class Honours. He is currently pursuing a Master of Science in Water Resource Engineering at Masinde Muliro University of Science and Technology (MMUST). He also holds professional certifications in Computer Applications and Online Marketing Fundamentals (Google Africa, 2018). With over 10 years of progressive experience in the water and sanitation sector, Mr. Oduori has demonstrated technical leadership, institutional strengthening, and a commitment to innovation in service delivery.</p>
2.	 <p>Eng. Henry Peter Oyugi Technical Manager</p>	<p>Male, Kenyan citizen Holds a BSc. Agricultural Engineering from JKUAT and currently undertaking MBA Strategic Management</p>
3.	 <p>CPA. Stephen Walter Masinde Commercial and Finance Manager</p>	<p><i>Holds Bachelor’s degree in Business Administration with IT (Finance Option) Maseno University, Certified Public Accountant and also holds certificate in education. With vast experience in Auditing accounting and finance working both in public and private sector.</i></p>

## **5. Chairman's Statement**

Dear Shareholders and Stakeholders,

I am delighted to present the annual report for Busia Water and Sewerage Services Company Ltd. for the financial year ending June 30, 2025. It has been a year of both challenges and notable achievements for the company.

### **Financial Performance**

The company Actual received operating revenue realized in the financial year 2024/2025 of **Kshs.22,248,160** against billed amount of **Kshs. 52,925,607** from Primary revenue sources water sales and sewerage services. Additionally, the entity received a grant of **Kshs 5,000,000** from busia County through the department of water. Also the company received **Kshs. 1,401,630** from Kenya Urban Roads Authority contractor to rehabilitate the disconnected line during construction of Weighbridge. Actual payment during the period was **Kshs. 61,181,907** to fund its operation, maintenance and capital expenditure services

### **Budget and Financial Management**

Budget projection for the year was **Kshs. 114,578,760**. the company encountered challenges in meeting this target due to undercollections of revenue targets and non disbursement for County.

### **Operational Highlights**

Busia Water and Sewerage Services Company remains committed to its strategic plan for 2020/21 - 2024/25, focusing on infrastructure development, operational efficiency, financial sustainability, and institutional capacity strengthening. Our strategies encompass initiatives to enhance revenue generation, reduce operation costs, and improve service delivery to our customers.

### **Challenges and Future Plans**

We acknowledge the persistent challenges related to liquidity, delayed receivables, and interrupted electricity supply, adversely affecting our operations and customer satisfaction. To counter these hurdles, we are intensifying efforts to stabilize revenue streams, optimize operational efficiency, and enhance customer service through sustainable strategies and innovative solutions.

### **Environmental and Social Responsibility**

The company is dedicated to its role in environmental preservation and community engagement. Our commitment includes safeguarding natural resources, participating in environmental clean-up exercises, and investing in community welfare initiatives, such as constructing public sanitation facilities and decentralized treatment facilities.

### **Employee Welfare and Market Practices**

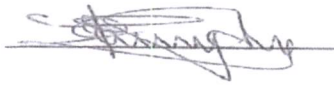
We prioritize our employees' well-being by offering a conducive work environment, continuous capacity building, and adherence to safety standards. Furthermore, we uphold ethical market practices, ensuring fair competition, responsible supply chain management, and effective product stewardship.

**Busia Water and Sewerage Services Company Ltd**  
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**Conclusion**

As we move forward, our focus remains on achieving sustainable growth, operational excellence, and community impact. We express gratitude to our stakeholders for their continued support, and we reaffirm our commitment to providing quality water and sanitation services to the people of Busia County.



**Mr. Patrick Odame**  
*Board Chairman*



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**6. Report Of the Managing Director**

Busia Water and Sewerage Services Company Limited (BUWASSCO) was incorporated on April 18, 2014 under the Companies Act (Cap 486). Its mandate is to supply water and provide sewerage services to residents of Busia County through a service provision agreement with Water Services Regulatory Board (WASREB). Water and Sanitation Services in Busia were previously provided by Lake Victoria North Water Services Board since 2012 through Kakamega Busia Water Supply (KWBS), a cross county water services provider.

Water provision being a devolved function, Kakamega and Busia counties resolved to de-cluster from KBWS effective July 1, 2016 with each county forming its own water company. The company has diversified its services across the county and now has Seven Schemes within the County namely, Mundika, Nambale, Malakisi, Amukura, Amagoro, Matayos and Bujumba/Burinda. BUWASSCO water provision services reached 149,411 people out of a population of 893,681 in Busia County and this is to expand if more schemes are handed over to the company from the Department of Water that is currently running Butula, Sio Port Sisenye schemes that re expected to be handed over in the financial year 2024/2025.

The management is working on increasing water production capacity through Rehabilitation/Revival of stalled boreholes within its area of jurisdiction and reduction of non-Revenue water so as to increase revenue for sustainability of the company.

The company is also addressing the high operation and maintenance costs through solarisation of pumping stations so as to reduce on the electricity bills while at the same time exploring other sources of water especially underground water that require little or no treatment. The management is confident that the company is headed in the right direction of self-sustainability and we expect to turn it around in a period of less than two years if we receive proper cooperation from all our stakeholders.



**Mr. Collins N. Oduor**  
**Managing Director**



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**7. Statement Of Performance Against Predetermined Objectives for FY 2024/25**

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

Busia Water and Sewerage services Company Limited has four major themes anchored in its strategic plan 2020/21 – 2024/25 and objectives within the current strategic plan for the FY 2021- FY 2022. These strategic pillars/themes/issues are as follows:

Pillar /theme/issue 1: Water sanitation and sewerage infrastructure development

Pillar/theme/issue 2: Operational efficiency and customer service

Pillar/theme/issue 3: Financial sustainability

Pillar/theme/issue 4: Institutional capacity strengthening

Busia Water and Sewerage Services Company Limited develops its annual work plans based on the above 4 pillars/themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The company achieved its targets set for the FY 2024/25 period for its 4 strategic pillars, as indicated In the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Water and sewerage infrastructure service	Increase water supply coverage from 35% to 60% by year 2025.	<ul style="list-style-type: none"> <li>. 10km extension</li> <li>. No of installed new meters</li> <li>. No of rehabilitated existing infrastructure</li> <li>. 960 new water Connections</li> <li>. 8,956 active connections</li> <li>. 7,496 metered connections</li> </ul>	Procure and install 100km pipeline extension 2'' and below to unserved areas Increase functional meters Increase sewer connections	7.5km Mabale-Mjini-Mayenje water project 255 new water meters installed. Rehabilitation of sluice valves, air valves and storage tanks Reinstatement of stollen pipe lines. 452 new water connections & 42 new sewerage connections Repair of defective pumps Solarization of Nambale ACK (Syekunya) borehole
	Increase sewerage coverage from 14% to 20%	<ul style="list-style-type: none"> <li>. sewerage coverage to 9%</li> <li>. sewer connections to 992 Expand</li> </ul>	Expand sewerage network cover to major	Completion of Malaba sanitation sewerage system, 25km. Rehabilitation of existing Mauko sewerage system

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		sewerage coverage to 33km . active sewer connections to 1,563 . Compliance to regulatory requirement on handling and disposal of waste water	town	(water hyacinth removal, desludging, manhole cleaning, unblocking of clogged sewer lines and replacing stolen and broken manhole covers) Effluent discharge license from NEMA Sewer connections at 710 Active sewer connections at 587 Last mile connectivity for Malaba sanitation project still pending
Pillar/ theme/ issue 1:	Adhere to WHO guidelines and KBS standards on water and waste water	Effective water and waste treatment . Compliance to regulatory requirement on handling disposal of waste water		Enhanced surveillance of water. Monthly waste water and water quality test samples to Kakamega lab. Periodic cleaning of our storage tanks. Periodic desludging of our wastewater treatment ponds Periodic desludging and cleaning of our water treatment plant Acquired a waste disposal license by NEMA for our sewer ponds
Theme 2: operational efficiency and customer services	Reduce non - revenue water from 70% to less than 20%	Percentage of non-revenue water reduction	Pressure management Active leak detection	Acquired meter testing bench for meter serving, repair and testing Serviced 385 water meters Acquired 1055 new water meters to reduce NRW. Replacement of PVC with HDPE pipes
	To ensure 100% safety and optimal utilization of company resources	Strengthen internal controls . ensure effective asset protection	Increase our metering ration to 100% Develop and implement a risk management	Review of water and disaster risk management plan. Increased metering ratio through enhanced metering.

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			framework	
	Ensure 100% automation and integration and integration of all business process by 2023	. verification of assets . ensure all systems are integrated	stock taking of Company assets	The company carried out its asset's verification exercise successful at the close of this financial year
	To increase customer satisfaction level from 73% to 99% by June 2025	.No of customer satisfaction survey (66). . % of complaints resolved . % of hour supply	Develop and implement customer services charter Develop and implement customer relationship management system	Increased supply hours from 10 to 12. Complain resolution period reduced from 3 days to 2 days.
	Increase sewerage coverage from 4% to 10% by year 2025	. increase the number of active sewer connection to 747		Increased number of active sewerage connections by 42 this year to reach 587
Financial sustainability	Improve O&M cost coverage from 62% to 150%	increase the number of active sewer connection from 747 to 2000	Increase the number of active water connection from 85% to 95%	Increased active sewer connections by 42 this year Increased active water connections by 452 this year
	To improve collection efficiency from 71% to 95% by 2025	.SMS billing . Diversify collection modes	Improve meter reading and capture	.SMS billing in place Smart metering with smartphones introduced Anew billing system (ERP) in place
	Reduce accounts receivable from Kshs. 66 million to not more than ksh 58 million by 2025. 75 % bad debt	Formulation of debt management policy	Review and implement financial audit policies	Tariff review is in process
	Increase billing	Metering	Improve	Improved meter reading

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	(Actual meter reading) from 60% to 100% increase billing efficiency (Actual meter reading from 60% to 100%)	efficiency	meter reading Installation of new meters Replacement of faulty meters . Produce a meter service bench	from manual to smart reading, this ensures 100%-meter reading. Enhanced metering by installation of 248 consumer meters
	Strengthen financial management system	Financial management system integration	Improve utilization of quick book	Revenue system enhanced and operational
	Achieve 100% organizational alignment	Implement the desired organization structure		
	Improve employee's satisfaction level from 40% to 90%	. improve employee capacity and competencies	Staff gender representation	
	Institutional strengthening	Implement institutional policies and procedures	Develop a board charter	Developed and approved by the board
	Develop risk management framework	Develop risk strategy	Develop risk management policies	Risk strategy has been developed and operational
	Embed good corporate governance in BUWASSCO	Develop board structures and instruments	Board structure and charter development	Board charter developed and operational
	Improve BUWASSCO branding/Corporate image	Identify and implement appropriate branding		Produced banners, fliers, and stands and branded our vehicles. Buwassco exhibition stands at world water day. Branded sewer staff uniforms.

## **8. Corporate Governance Statement**

The company recognizes the importance of corporate governance in creating balance between economic and social goals and between individual and communal goals while encouraging efficiency use of resources , accountability in use of power and stewardship as far as possible to assign the interest of individuals, corporations and society .Good corporate governance is intended to ensure that the powers of the corporation is exercise in the stewardship of the corporation’s total portfolio of assets and resources with the objective of maintaining and increasing customer satisfaction and other stakeholders in the context of corporate mission.

### **Appointment Process & Board of Directors.**

On 1st July 2016, the County Government of Busia appointed the first Board of Directors for Busia Water and Sewerage Services Company Limited for a term of three years and gazetted the same on 28th October 2016 (The Kenya Gazette Notice No 8895 of 28th October 2016).

On 1st December 2018, the County Government of Busia appointed another Board of Directors for Busia Water and Sewerage Services Company Limited for a term of three years and gazetted the same on 21st November 2018 and revoked the appointments of Gazette Notice No 8895 of 28th October 2016. (Kenya Gazette Notice No 12773 of 21st November 2018 See Appendix 4: Gazette Notices for appointment of BODs). The term of the second Board expired on 30th November 2021.

A stakeholders meeting was held on 26th April 2023 and BOD selection committee formed to undertake the BOD recruitment process including receiving applications, shortlisting, interviewing and making a report to the Shareholder. An advert for applications done and applications received, shortlisting done and candidates invited for the interviews. The interviews were held on 4th and 5th July 2023 and a report done to the Shareholder for appointment. Subsequently 7 members to represent Busia County water and sewerage services were gazetted on 21 September, 2023.

1. County Executive Committee Member for water –Ex-officio/by virtue of office
2. County Executive Member for Finance -Ex-official/By virtue of office
3. Patrick Sanya Odame -Three (3)Years
4. Michael Etyang Owaya- Three (3)Years
5. Christopher Ngach(prof) - Three (3)Years
6. Oliver C.W Khabure - Three (3)Years
7. Marian Abukayo Murunga - Three (3)Years

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**Board Charter**

Busia Water and Sewerage Service Company Limited has board charter that defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance

**Board Committees**

The board charter outlines three key board committee which includes; Audit and Risk Management Committee, The technical committee and Finance and Administration committee.

Audit and Risk committee members

1. Marian Murunga -Chairperson
2. Prof. Christopher Ngacho -Member
3. Oliver C.W Khabure -Member

Technical Committee

1. Oliver C.W Khabure -Chairperson
2. Michael Etyang Owaya -Member
3. Marian Abukayo Murunga -Member

Finance and administration committee members

1. Michael Etyang Owaya -Chairperson
2. Prof. Christopher Ngacho -Member
3. Oliver C.W Khabure -Member
4. Hon.Topister Wanyama -Member

**Board remuneration**

By the resolution of the last Board, each director shall receive a net of Kshs.17,500 as sitting allowance . The Chairman receives a monthly allowance of Kshs.35,000 subject to 30% tax. As

compensation the Board shall be allocated an amount not more than 5% of the total revenue of the Company or Kshs 4 million per annum in line with WASREB's Corporate Governance Guidelines For The Water Services Sector 2018.

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**Audit and Governance Committee**

The company has an Audit and Governance Committee composed of three directors comprising of Marian, Christopher and Oliver. Its membership comprises of the Audit and Governance Committee is expected through the provision of checks and balance to bring positive results in supervising and supporting the management of the company. It is responsible for ensuring the development of, compliance with, and periodic review of corporate governance policies and practices in the company.

**The Technical Committee**

The Company has a Technical Committee whose membership comprises of Oliver C.W Khabure, Michael Owaya, Marian Murunga and Hon. Eng. Andrew Meso. Its responsibilities include, overseeing the development of water infrastructure and ensuring standards set by regulator are adhered to. This committee also oversees the planning, coordinating and execution of development and rehabilitation projects to ensure that expansion of reticulation systems are improved

**Finance and Administration Committee**

This committee deals with strategic, financial, employment and administrative issues. It meets at least four times in a year with a probability of having an adhoc meeting when need arises. Its membership comprises of Michael Etyang, Christopher Ngacho, Eng. Oliver and Hon. Topister Wanyama. Its responsibilities include, reviewing of Annual Accounts, Reviewing of Development Proposals, Provision of Performance Contracts and Recurrent Budgets, opening and closing of bank accounts, recommendation of Boards Strategic Plan, Procurement Plan and all Staff Matters.

**Board meetings**

The table below summarises the attendance of directors for the financial year 30 June, 2025

No	Name	No of meeting attended
1	Mr. Patrick Sanya Odame	4/8
2	Hon. Eng. Andrew Meso	3/8
3	Hon. Topister Wanyama	3/8
4	Michael Etyang Owaya	5/8
5	Eng. Oliver Khabure	7/8
6	Ms. Marian Murunga	5/8
7	Prof. Christopher Ngacho	6/8

**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**9. Management Discussion and Analysis**

The Company sales revenue trends is highlighted below

REVENUE	FY 2024-2025	FY 2023-2024	FY 2022-2023	FY 2021-2022
Water sales	21,278,408	20,599,129	38,652,413	34,345,003
Sewerage services	29,248,767	25,593,900	21,261,809	19,747,146
Billing for other services (Water bowser & Exhauster)	2,398,432	2,337,711	2,808,549	637,450
<b>Total Operating revenue</b>	<b>52,925,607</b>	<b>48,530,740</b>	<b>62,722,771</b>	<b>54,729,599</b>

The Company also received infrastructure funds from Kenya Urban Roads Authority of **Kshs.1,401,630** for relocation of service lines for road improvements.

Below is a highlight of grants received from the County Government for the last four financial period as indicated in the table below

GRANTS	FY 2024-2025	FY 2023-2024	FY 2022-2023	FY 2021-2022
County Government Of Busia Through the Department of Water, Environment, Irrigation and Natural Resources	5,000,000	9,483,591	8,779,294	15,518,200

**Budget Performance**

The budgeted revenue for this financial year (FY 2024-2025) was **Kshs.114,578,760** compared to the last financial year (FY 2023-2024) which was **258,558,268**. The decrease in budget projection for this financial year was informed on performance evaluation for the last two financial periods on realisation of revenue projected particularly on donors and other development partner's projection on prospective funding for the Company which has been difficult to effectively realise as indicated in the table below

Budget Line Item	FY 2024-2025	FY 2023-2024	FY 2022-2023
Operating Revenue	84,578,760	64,896,000	84,856,000
Grants	30,000,000	193,662,268.	200,982,702
<b>Total Revenue</b>	<b>114,578,760</b>	<b>258,558,268</b>	<b>285,838,702</b>

**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

% Revenue realised	27%	57%	74%
% Grants realised	17%	5%	4%

**Non Revenue Water**

During the period under review the company made Non Revenue water of 43% . This was attributed by leaking pipes, burst and some illigal connection wich the company is trying to resolve. The maagement is in process making strategy to reduce non revenue water by use of test bench.

**PRODUCTION AND BILLED VOLUME FY 2024/2025**

Month	Volume Produced (M <sup>3</sup> )	Volume Billed (M <sup>3</sup> )	Non Revenue Water	NRW%
Jul-24	42,323	22,484	19839	46.88%
Aug-24	39,623	21,443	18180	45.88%
Sep-24	37,958	21,347	16611	43.76%
Oct-24	36,705	21,061	15644	42.62%
Nov-24	29,625	15,442	14183	47.88%
Dec-24	38,348	21,052	17296	45.10%
Jan-25	33,730	19,951	13779	40.85%
Feb-25	42,335	25,040	17295	40.85%
Mar-25	41,000	23,494	17506	42.70%
Apr-25	48,155	29,095	19060	39.58%
May-25	35,890	21,311	14579	40.62%
Jun-25	33,160	19,962	13198	39.80%
<b>Total</b>	<b>458,852</b>	<b>261,682</b>	<b>197170</b>	<b>42.97%</b>

$$\text{Non-Revenue Water (NRW)} = \left( \frac{458,852 - 261,682}{458,852} \right) * 100\% = \frac{197,170}{458,852} * 100\% = 42.97\%$$

**Accounts Receivables**

The accounts receivables for this financial year is **Kshs. 207,403,181**. Compared to the last financial year which was **Kshs.150,768,307**.

	FY 2024-2025	FY 2023-2024	FY 2022-2023	FY 2021-2022
Trade and other receivables	207,403,181	150,768,307	130,802,554	104,509,981
<b>Totals</b>	<b>207,403,181</b>	<b>150,768,307</b>	<b>130,802,554</b>	<b>104,509,981</b>

**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Compliance to statutory Requirements**

The company continue to experience financial difficulties but during this financial year, the Company was able to comply to all Social Health Authority (SHA) remittance. Other Obligation like Pay As You Earn (PAYE), National Social Security Fund (NSSF) and Local Authority Pension Trust Fund were partially remitted throughout this financial period due to low income.

**Major Risks Facing the Company**

Company still faces the major challenge of its ability to effectively collect its receivables and therefore leading to low liquidity position of the Company. Staff motivation has also deteriorated due to delayed and huge accruals on salary that still remain unsettled. Interrupted electricity supply remains also a major challenge for the Company as the Company is not able to effectively and efficiently satisfy our customers with steady supply of water. This causes discontentment among the company's clients thus affecting their ability and willingness to pay within a reasonable time.

**Future development and sustainability Plans**

The road map towards sustainability is based on the Four Goals of the company's five-year strategic plan (2020/21 – 2024/25) namely; Water and Sewerage Infrastructure Development, Operational Efficiency and Customer Service, Financial Sustainability and Institutional Capacity Strengthening

The strategy aims at attaining commercial viability through; Maximizing of revenue generation and Minimizing of the operation and maintenance (O & M) costs.

The increase in revenue to be achieved through; Steady water supply, Reduction of non-Revenue water, Increased water connections and Improved billing and collections, While reduction in O & M costs to be achieved through; Solarization of pumping schemes (Reduction in KPLC bills), Revival of Boreholes (Reduction in cost of water treatment) and Development of gravity water supplies (requires no pumping).

**10. Environmental And Sustainability Reporting**

*Busia Water and Sewerage Company Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.*

**i) Sustainability strategy and profile -**

Financial sustainability is critical for BUWASSCO to ensure that the Company meets its key mandate of provision of water and sewerage services to the people of Busia County. The Company works closely with the Department of Water, Environment, Irrigation and Natural Resources to ensure that the Company is able to be funded through County allocation so as to guarantee the Company's going concern. The County Government of Busia has ensured this sustained growth through paying of the Company electricity bills and also leveraging on chemical support for our treatment plants.

The company through its development partners received funding during the last financial reporting period for solarisation of its borehole at show ground which is still on going and will ensure a steady supply of water and increase the Company revenue. The road map towards sustainability is based on the Four Goals of the company's five-year strategic plan (2020/21 – 2024/25) namely; Water and Sewerage Infrastructure Development, Operational Efficiency and Customer Service, Financial Sustainability and Institutional Capacity Strengthening.

To effectively realise these strategic areas, the Company requires huge capital investment in infrastructure development and in particular rehabilitation of its leaking tanks at Milimani storage tanks, installation of production and consumer meter among other interventions which will in the long run improve our revenue generation and reduce on non-revenue water.

**ii) Environmental performance**

The Company has ensured that natural bamboo forest around its abstraction points are not destroyed to prevent soil erosion and even affect the natural water filtration process before abstraction.

The Company seeks to participate and contribute to a cleaner environment as per The National Environmental Act of 2019 and ensure strict adherence to effluent discharge standards as prescribed by WASREB. This has increased the Company's involvement in community

**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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welfare which includes clean up exercises especially in towns within its areas of jurisdiction and by so doing reduces impact on the environmental pollution.

The Company also actively gets involved in tree planting in various schemes across the Company areas of operation.

The Company also contributes to the Society by giving donation especially during public holidays.

**iii) Employee welfare**

The Company has a well-defined human resource management policy which clearly outlines guiding principles and policies that guide in its hiring process and the general management of the human resource capital within the Company. The Company seeks to develop its human resource capital through frequent capacity building sessions geared towards improvement of performance. The Company works towards ensuring retaining, rewarding and developing the best talent in the Company.

The Company provides a conducive work environment and employees are encouraged to observe integrity, confidentiality and professionalism while undertaking their duties in and outside the Company. We encourage a culture of team work, valuing the cultural diversity within the workplace, being sensitive to safety at all times, security, society and environment. Further, The Company seeks to improve its employees through structural programs for personal and professional development

Regarding Occupational Safety Health and Safety Act of 2007, the Company aim to ensure a safe and healthy working environment for all our employees and customers. The Company aims to comply with all relevant legislation, regulations and best practices, guidelines recommended by the National Health and Safety Authorities. The Company continues to liaise with staffs through staffs meeting regarding safety policies and practices so that they can continue maintaining a healthy, safe and enjoyable work

**iv) Market place practices-**

*The organisation should outline its efforts to:*

**a) Responsible competition practice.**

Busia Water and Sewerage Services Company strive to ensure there is strict adherence to the Public Procurement and Disposal Act of 2015 and the Competition Act of 2012 in all its business transactions

**b) *Responsible Supply chain and supplier relations***

The company ensures that it pays its suppliers within a reasonable period of time to create a better working relationship that ensures a steady supply of goods and services when need arises.

**c) *Responsible marketing and advertisement***

BUWASSCO holds its marketing strategies inform of water clinics and public barazas to advertise its services to the public hence increase the customer base. Introduction of branded t-shirts for the staff working in the field helps market the commodity. Issuing of brochures and flyers to people visiting the company premises, and during stakeholders' meetings.

**d) *Product stewardship***

The company has ensured that it produces the best water quality and tested within the area of jurisdiction in Busia County. It has always been complimented by offering conventional sewerage and related services such as water bowsers, exhauster trucks and sewer treatment at the maturation ponds

**v) *Corporate Social Responsibility / Community Engagements***

BUWASSCO exists to transform lives by providing affordable clean and safe water to households and commercial entities. This is our purpose, the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant services, and improving operational excellence

The Company has also ensured that water is supplied to public sanitation toilets constructed in various bus parks within the county starting with the Busia Town Bus Park. The Company has constructed a decentralized treatment facility at Port Victoria to reduce the amount of waste disposal in Lake Victoria which is the main source of drinking water for a lot of families within that town.

## **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 the company's affairs.

### **i) Principal activities**

The principal activities of the Company are: Provide water and sanitation services in an effective, efficient and economical manner and shall report to County government of Busia in accordance to the provision of Public Financial Management Act of 2012.

Comply with all provisions of the laws of Kenya relating to the performance of its obligation, including those relating to occupational health and safety of employees.

In addition, the company shall operate a quality monitoring and assurance system in accordance with the international standards. Ensure that assets entrusted to the company are maintained and are in good working condition.

Develop programmes for advancement of skills and competency of the company employees. Establish mechanism for promoting customer relations

### **ii) Results**

The results of the company for the year ended June 30, 2024 are set out on page 1

### **iii) Dividends**

The company has not declared dividends for the year ended 30, June, 2024 since it does pay dividends and any surplus is used to enhance its principle activity

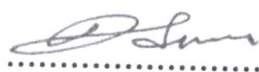
### **Directors**

The members of the Board of Directors who served during the year are shown on page vii In accordance with Water Act No.43 of 2016 and Regulation of the company's Articles of Association.

### **iv) Auditors**

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

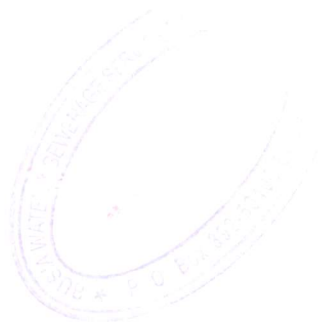
By Order of the Board

  
.....

**Name. Eng. Collins Oduori**

**Secretary to the Board**

**Date: 27/08/2025**



**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**12. Statement Of Directors' Responsibilities**

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

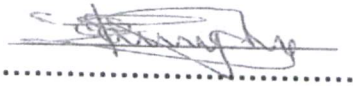
In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern.

**Busia Water and Sewerage Services Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**Approval of the financial statements**

The company financial statements were approved by the Board on 27/08/2025 and signed on its behalf by:



**Name Patrick Odame**  
**Chairperson of the Board**



**Name. Eng. Collins Oduori**  
**Managing Director**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON BUSIA WATER AND SEWERAGE SERVICES 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 Busia Water and Sewerage Services Company Limited set out on pages 1 to 44, which comprise of the statement of

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*Report of the Auditor-General on Busia Water and Sewerage Services Company Limited for the year ended 30 June, 2025*

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 Busia Water and Sewerage Services 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 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Trade and Other Payables Balance**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.188,144,220 which, as disclosed in Note 26 to the financial statements comprises long outstanding payables which are over three years old amounting to Kshs.166,366,740. In addition, the Company did not provide documentation to support various creditors balances.

Further, and as previously reported, included in the balance, are creditors from the defunct Kakamega Busia Company Limited amounting to Kshs.23,059,812 as disclosed in Note 26 to the financial statements. However, there were no transfer agreements showing that the stated liability had been transferred to the Busia Water and Sewerage Services Company Limited from the defunct water company.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.188,144,220 could not be confirmed.

#### **2. Unconfirmed Ownership of Land**

The statement of financial position reflects property, plant and equipment balance of Kshs.3,924,224 which, as disclosed in Note 16 to the financial statements includes Nil land balance.

The annual report and financial statements on background information indicates that the Company operates through seven (7) schemes namely Amukura, Amagoro, Malakisi, Mundika, Matayos, Nambale and Bunjumba – Burinda which the Company used for provision of water services. However, the Company did not have ownership documents for the land they occupy since the land was under the ownership of Lake Victoria North Water Works Development Agency (LVNWWDA). The size of the land could not also be established and evidence of the ownership by LVNWWDA was not provided.

In the circumstances, the accuracy of Nil land balance and ownership status of the schemes' land and its value could not be confirmed.

### **3. Long Outstanding Trade Receivables**

The statement of financial position reflects a balance of Kshs.207,403,181 in respect of trade and other receivables as disclosed in Note 18 to the financial statements. This is a 38% increase from the previous year balance of Kshs.150,768,307. Review of records provided revealed that 92% of the gross receivables or Kshs.196,854,131 had remained outstanding for over 120 days. However, Management did not demonstrate efforts made to recover the long outstanding debts.

In addition, Note 18 to the financial statements indicates long-term and short-term trade and other receivables balances of Kshs.42,933,346 and Kshs.164,469,835 respectively, both totalling Kshs.207,403,181. However, the balances were not disclosed separately in the statement of financial position as required by IPSAS 1 on presentation of financial statements.

In the circumstances, the accuracy, completeness and recoverability of the trade and other receivables balance of Kshs.207,403,181 could not be confirmed.

### **4. Unsupported Share Capital**

The statement of financial position indicates ordinary share capital balance of Kshs.100,000, made up of 20,000 fully paid ordinary shares with a par value of Kshs 5 each, as detailed in Note 20 to the financial statements. However, it was observed that some of these shares were originally allotted to directors who have since left the Company.

This has resulted in outdated records that no longer reflect the Company's current position both internally and at the Registrar of Companies. While the Company has taken steps to file for the cessation of these former directors, the changes have not been officially updated.

In the circumstances, the accuracy, completeness and ownership status of the ordinary share capital balance of Kshs.100,000 could not be confirmed.

### **5. Unsupported Customer Deposits**

The statement of financial position reflects refundable customers deposit balance of Kshs.11,122,823 as disclosed in Note 27 to the financial statements. However, the designated customer deposit accounts maintained at two commercial banks reflect total balance of Kshs.1,508,470, resulting to an unexplained variance of Kshs.9,614,353.

In the circumstances, the accuracy and completeness of refundable customers deposits balance of Kshs.11,122,823 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia Water and Sewerage Services

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 revenue budget and actual on comparable basis of Kshs.114,578,760 and Kshs.28,649,790 respectively, resulting to a budget under-funding of Kshs.85,928,970 representing 75% of the budget. Similarly, the statement reflects final recurrent expenditure budget of Kshs.93,516,820 against actual expenditure of Kshs.27,148,519 resulting to under-expenditure of Kshs.66,368,301 or 71% of the budget. Further, the statement reflects final capital expenditure budget of Kshs.21,061,942 and actual on comparable basis of Kshs.2,151,473 resulting to under-expenditure of Kshs.18,910,469 representing 90% of the budget.

In the circumstances, the under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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 report for the previous year, several issues were raised under the Report on the Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk management and Governance, as detailed in **Appendix I**. However, Management has not resolved the issues or given any explanation for the delay in resolving the issues.

## **Other Information**

The Management is responsible for the Other Information set out on page v to xxx which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the

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

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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. Inadequate Management of Non-Revenue Water

The statement of profit or loss and other comprehensive income reflects operating revenue of Kshs.52,925,607 which, as disclosed in Note 6 to the financial statements includes water sales amounting to Kshs.21,278,408. During the year under review, records from the Company revealed that it produced 644,805 cubic meters (M<sup>3</sup>) of water out of which 368,538 cubic meters (M<sup>3</sup>) or approximately 57% was distributed and billed to customers.

However, the balance of 276,267 cubic meters (M<sup>3</sup>) or approximately 43% of the total volume produced was not billed, which represent non-revenue water. This is contrary to the Water Services Regulatory Board (WASREB) guidelines which provides an allowable maximum loss of 25%.

In the circumstances, the ineffective management of water negatively impacted on the Company's profitability and resulted in unallowable loss of non-revenue water of 276,267 M<sup>3</sup>.

#### 2. Failure to Prepare and Submit Quarterly Financial Reports

During the year under review, Management did not prepare and submit quarterly financial reports in accordance with Section 166(3) of the Public Finance Management Act, 2012

which states that not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury.

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

### **3. Use of Outdated Water Tariff's Structure**

The statement of profit or loss and other comprehensive income reflects total revenue of Kshs.84,327,237 out of which Kshs.52,925,607 relates to operating revenue.

Review of operations of the Company revealed that the entity is currently operating under a tariff structure dating back to 2014. The tariff has not been revised despite changes in economic environment. Similarly, at the time of audit, the Company had not carried out the required public participation to support submission of a new tariff application to WASREB.

In the circumstances, the Company's revenue will remain low affecting the financial sustainability of the Company to adequately cover operational and capital investment needs.

### **4. Operating Without Valid License from WASREB**

As previously reported, the Company operated in the year under review without a valid water license from the Water Services Regulatory Board (WASREB) to enable them conduct water business.

In the circumstances, the Company may risk legal sanction for noncompliance including fines and penalties.

### **5. Unremitted Statutory Deductions**

The statement of profit or loss and other comprehensive income reflects staff costs of Kshs.34,212,176 for the year ending 30 June, 2025. Review of the payroll and relevant supporting documents revealed that there were unremitted statutory deductions totalling Kshs.13,954,505 comprising of NSSF Kshs.2,906,849, Social Health Authority (SHA) Kshs.254,015, LAPTRUST Kshs.5,763,866 and Pay-As-You-Earn (PAYE) Kshs.5,029,775. Further, the Company had not filed tax returns with Kenya Revenue Authority (KRA) from 2021 to 2025 financial years.

In the circumstances, the Company risks penalties and interest charges arising from the non-remittance of statutory deductions and potential Retirement Benefit Authority sanctions.

### **6. Weaknesses in Transport Equipment Management**

Review of motor vehicle records revealed the Company had five (5) motor vehicles and four (4) motor cycles whose ownership documents were in the name of Lake Victoria North Water Works Development Agency and there was no evidence provided for audit review indicating that Management had initiated the process of transferring the ownership to the Company.

In the circumstances, the effectiveness of motor vehicles management could not be confirmed.

## **7. Non-Compliance with Data Protection Act**

The Company operates a web-based billing management system that collects revenue and stores sensitive critical client information. However, there was no evidence of the appointment of a Data Protection Officer (DPO) or the registration of a data processor and data controller.

This was contrary to Section 24(6) and (7) of the Data Protection Act, 2019 which requires all data controllers or processors to appoint a Data Protection Officer (DPO), publish their contact details, and submit the same to the Office of the Data Protection Commissioner and Section 18(1) of the Data Protection Act, 2019 which provides that "subject to Subsection (2), no person shall act as a data controller or data processor unless registered with the Data Commissioner.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Inadequate Information Communication Technology (ICT) Internal Controls and Governance**

The audit of ICT function revealed major gaps in governance and operational management. The organization lacks a formal ICT strategic plan, which is essential for aligning technology initiatives with its overall goals. Key governance structures, which includes the ICT Strategy and Steering Committees, have not been established. Further, the Company organogram indicates that, the ICT department reports to the Commercial

Manager and not directly to the Managing Director, which undermines ICT strategic management initiatives.

Additionally, Management has not developed and implemented a backup policy, data classification policy and change management policy. These policies are essential as they provide clear guidance for the protection of information assets, promote operational efficiency and define standardized procedures for carrying out business activities.

In the circumstances, the adequacy of ICT internal controls and governance could not be confirmed.

## **2. Inadequate Internal Controls on Water Billing**

### **2.1. Prolonged Use of Estimated Bills**

Analysis of the billing estimates data indicates that 3,398 accounts had their bills estimated with estimated bills totalling Kshs.2,292,975. Further analysis revealed that 346 accounts had been estimated consecutively for more than six (6) months for the period between 1 July, 2024 to 30 June, 2025, amounting to Kshs.1,456,557.

### **2.2. Accounts Billed and not Paid throughout the Year**

Comparative analysis of water meters billing and payments reports revealed that as at 30 June, 2025, a total of 2,214 accounts were billed a total of Kshs.14,248,406 during the review period. However, the accounts did not have a corresponding payment. No explanation was provided for this anomaly.

### **2.3. Active Accounts not Billed**

Comparative analysis of water meters and billing revealed that as of 30 June, 2025, a total of 488 active accounts did not receive any billing during the review period. It was not explained why the active accounts were not billed for the whole year.

In the circumstances, the internal controls on water billing are ineffective which may have resulted to significant loss of revenue.

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 xxviii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 22 has been properly prepared in accordance with the Companies Act, 2015.

### **Basis for Conclusion**

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

### **Responsibilities of the Management and the Board of Directors**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**11 December, 2025**

## Appendix I: Unresolved Prior Year Audit Matters

Reference No. of the Auditor-General's Report	Title of the Audit Issue
	<b>Report on the Financial Statements</b>
1	Long Outstanding Trade Receivables
2	Unsupported Trade and Other Payables
3	Unsupported Customer Deposits
4	Non-Disclosure of Non-Revenue Water
5	Unsupported Share Capital
	<b>Emphasis Of Matter</b>
	Budgetary Control and Performance
	<b>Report on Lawfulness and Effectiveness in the use of Public Resources</b>
1	Lack of Water License
2	Irregular Payment of Legal Fees to Private Legal Firms
3	Irregular Procurement of Debt collection Services
	<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>
1	Incomplete Asset Management Register
2	Lack of Critical Management Personnel
3	Failure to Establish Committee of Audit and Risk Management
4	Lack of Risk Management Policy
5	Lack of Information Communication Technology (ICT) Policy
6	Failure to Implement Audit Recommendations of Oversight Bodies

**Busia Water and Sewerage Company Ltd.**

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

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

	Note	FY 2024-2025	FY2023-2024
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	6	52,925,607	48,530,740
Grants Income	7	30,000,000	9,483,591
Other Income	8	1,401,630	
<b>Total Revenue</b>		<b>84,327,237</b>	<b>58,014,331</b>
<b>Expenses</b>			
Staff Costs	9	34,212,176	38,940,945
General and Operations expenses	10	18,508,184	18,848,726
Board Expenses	11	975,980	1,036,000
Maintenance Expenses	12	6,304,767	11,611,840
Depreciation and Amortization expenses	13	1,180,799	988,515
Finance Costs	14		73,583
<b>Total Expenses</b>		<b>61,181,907</b>	<b>71,499,609</b>
<b>Profit/(Loss) Before Taxation</b>		<b>23,145,330</b>	<b>(13,485,278)</b>
<b>Profit/(Loss) After Taxation</b>		<b>23,145,330</b>	<b>(13,485,278)</b>
<b>Profit/ (Loss) After Taxation</b>		<b>23,145,330</b>	<b>(13,485,278)</b>
<b>Total Comprehensive Income for The Year</b>		<b>23,145,330</b>	<b>(13,485,278)</b>

*The figures for the comparative year has been restated to match the current template*

**Busia Water and Sewerage Company Ltd.**

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

**15. Statement Of Financial Position As at 30 June 2025**

	Note	FY 2024-2025	FY2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	3,924,224	2,973,716
<b>Total non-current assets</b>		<b>3,924,224</b>	<b>2,973,716</b>
<b>Current assets</b>			
Inventories	17	2,778,298	1,280,725
Trade and receivable	18	207,403,181	150,768,307
Bank and cash balances	19	2,407,096	2,832,248
<b>Total non-current assets</b>		<b>212,588,575</b>	<b>154,881,280</b>
<b>Total Assets</b>		<b>216,512,798</b>	<b>157,854,996</b>
<b>Equity and liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	20	100,000	100,000
<b>Capital/ Development Fund</b>		9,262,098	7,860,468
Retained earnings	23	(2,634,425)	(25,779,754)
<b>Capital and Reserves</b>		<b>6,727,673</b>	<b>(17,819,286)</b>
<b>Non-current liabilities</b>			
Borrowings	24	9,612,682	
<b>Total non-current liabilities</b>		<b>9,612,682</b>	
<b>Current liabilities</b>			
Provisions	25	905,400	0
Trade and other payables	26	188,144,220	164,776,509
Refundable deposits and Prepayments	27	11,122,823	10,897,773
<b>Total current Liabilities</b>		<b>200,172,443</b>	<b>175,674,282</b>
<b>Total Equity and Liabilities</b>		<b>216,512,798</b>	<b>157,854,996</b>

*Comparative figures have been restated*

**Busia Water and Sewerage Company Ltd.**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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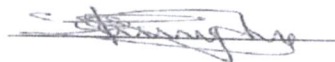
The financial statements were approved by the Board on 27/8/ 2025 and signed on its behalf by:



.....  
**Name Eng. Collins Oduori**  
**Managing Director**



.....  
**Name. CPA Masinde Walter**  
**Head of Finance**  
**ICPAK M/No: 28602**



.....  
**Name Patrick Odame**  
**Chairman of the Board**



**16. Statement Of Changes in Equity for the Year Ended 30 June 2025**

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
<b>1st July 2023</b>		<b>100,000</b>			<b>(12,294,476)</b>		<b>6,458,838</b>	<b>(5,735,638)</b>
Capital/Development fund							1,401,630	1,401,630
Profit/(Loss) for the year					(13,485,278)		-	(13,485,278)
<b>As at 30th June 2024</b>		<b>100,000</b>			<b>(25,779,754)</b>		<b>7,860,468</b>	<b>(17,819,286)</b>
								-
<b>1st July 2024</b>		<b>100,000</b>			<b>(25,779,754)</b>		<b>7,860,468</b>	<b>(17,819,286)</b>
Profit/(Loss) for the year					23,145,329		-	23,145,329
Capital/Development fund							1,401,630	1,401,630
<b>As at 30th June 2025</b>		<b>100,000</b>			<b>(2,634,425)</b>		<b>9,262,098</b>	<b>6,727,673</b>

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

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

	Note	FY 2024-2025	FY2023-2024
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts		22,248,160	26,009,632
Grants Income		5,000,000	
Other Income		1,401,630	
Customer Deposits		225,050	
<b>Total Receipts</b>		<b>28,874,840</b>	<b>26,009,632</b>
<b>Payments</b>			
Staff Costs		14,484,318	11,281,563
General And Operation Expenses		8,137,066	8,958,170
Board Expenses		535,480	1,284,150
Maintenance Expenses		3,991,655	2,475,785
<b>Total Payments</b>		<b>27,148,519</b>	<b>23,999,668</b>
<b>Net Cash From/ (Used In) Operating Activities</b>		<b>1,726,321</b>	<b>2,009,964</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)		-2,151,473	-1,735,202
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>-2,151,473</b>	<b>-1,735,202</b>
<b>Cash Flows from Financing Activities</b>			
<b>Net Cash From/(Used In) Financing Activities</b>		<b>-</b>	<b>1,401,630</b>
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>-425,152</b>	<b>1,676,392</b>
<b>Cash And Cash Equivalents At Beginning of Year</b>		<b>2,832,248</b>	<b>1,155,856</b>
Effects Of Foreign Exchanges Rate Fluctuations			
<b>Cash And Cash Equivalents At End of the Year</b>		<b>2,407,096</b>	<b>2,832,248</b>

*The comparative year has been restated as the prior year the cashflow was prepared using the indirect method.*

**Busia Water and Sewerage Company Ltd**

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

**18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Operating Revenue	84,578,760		84,578,760	22,248,160	62,330,600	26
Grants	30,000,000		30,000,000	5,000,000	25,000,000	17
Other Income			0	1,401,630	(1,401,630)	
<b>Total Revenue</b>	<b>114,578,760</b>		<b>114,578,760</b>	<b>28,649,790</b>	<b>85,928,970</b>	<b>25</b>
<b>Expenses</b>						
Staff Costs	38,984,475		38,984,475	14,484,318	24,500,157	37
Board Expenses	4,287,500		4,287,500	535,480	3,752,020	12
General and operations Expenses	17,961,110		17,961,110	8,137,066	9,824,044	45
Maintenance	32,283,735		32,283,735	3,991,655	28,292,080	12
<b>Total Recurrent Expenditure</b>	<b>93,516,820</b>		<b>93,516,820</b>	<b>27,148,519</b>	<b>66,368,301</b>	<b>29</b>
<b>Profit or Loss</b>	<b>21,061,940</b>	<b>-</b>	<b>21,061,940</b>	<b>1,501,271</b>	<b>19,560,669</b>	<b>7</b>
<b>Capital Expenditure</b>	<b>21,061,940</b>		<b>21,061,942</b>	<b>2,151,473</b>	<b>18,910,469</b>	<b>10</b>
<b>Total Expenditure</b>	<b>114,578,760</b>	<b>-</b>	<b>114,578,762</b>	<b>29,299,992</b>	<b>85,449,050</b>	<b>26</b>
Surplus(Deficit)				(650,202)		

*The budget utilization is below due non collection of revenue of 100% which resulted to underperformance of planned activities*

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(650,202)
1	Customer deposits for FY 2024-2025	225,050
2	opening cash and cash equivalent	2,832,248
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>2,407,096</b>

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

### **1. General Information**

Busia Water and Sewerage Services Company Ltd is established by and derives its authority and accountability from water Act. The Company is wholly owned by the Busia County Government and is domiciled in Kenya. The Company's principal activity is provide clean water and sewer services to the community. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

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

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

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

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

**Notes to the financial statements (continued)**

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

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

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

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

**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 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 entity did not early – adopt any new or amended standards in year under review.*

**Notes to the financial statements (continued)**

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

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

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

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

**b) In-kind contributions**

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

**c) Property, plant and equipment**

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

**d) Depreciation and impairment of property, plant and equipment**

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

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

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

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

**e) Intangible assets**

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

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

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

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

**g) Investment property**

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

## **Summary of Accounting Policies**

### **h) Right of Use Asset**

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

### **i) Biological Assets**

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

### **j) 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).

**k) 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.

**l) 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).

**m) 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 First In First Out. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**n) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate of **15%** is made doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page 26 of this report.

**o) Taxation**

**i) Current income tax**

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

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

**p) Deferred tax**

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

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

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

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.

**q) 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.

**r) Cash and cash equivalents**

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

**Restricted cash**

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

**s) Borrowings**

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

**t) Trade and other payables**

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

**u) Retirement benefit obligations**

The company 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 rate of 6% per employee gross monthly pay and same contribution by the employer. The employee and employer also contributes to Laptrust Scheme.

**v) Provision for staff leave pay**

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

**w) 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.

**x) Budget information**

The original budget for FY 2024-2025 was approved by the Board of Directors on 2<sup>nd</sup> May 2024. Subsequent revisions or additional appropriations were not 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. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is

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

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prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 3 of these financial statements.

**y) 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.

**z) Comparative figures**

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

**aa) Subsequent events**

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

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

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

### **a) Estimates and assumptions**

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

### **b) Useful lives and residual values**

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

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

### **c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 25.

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.

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**Notes to the financial statements (continues)**

**6. Operating Revenue**

1. Operating Revenue	Period ended	
	Jun 30, 2025	
	Kshs	Kshs
Water sales	21,278,408	20,599,129
Sewerage Services	29,248,767	25,593,900
Billing for other services	2,398,432	2,337,711
<b>Total</b>	<b>52,925,607</b>	<b>48,530,740</b>

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

**7. Grants Income**

	Period ended	FY 2023-2024
	30 June 2025	
	Kshs	Kshs
Operational grants from Government entities; Department of water Busia county	30,000,000	9,483,591
<b>Total</b>	<b>30,000,000</b>	<b>9,483,591</b>

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income Received during the year KShs	2024-2025 KShs
Department of water Busia county	30,000,000			5,000,000	25,000,000
<b>Total</b>	<b>30,000,000</b>			<b>5,000,000</b>	<b>25,000,000</b>

*Busia county Grant was to facilitate the recurrent expentitures ie electricity and staff salaries.*

**Busia Water and Sewerage Company Ltd**  
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Notes to the financial statements (continues)

**8. Other Income**

	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Recurrent/operational grants from other agencies-Kenya Urban Roads Authority	1,401,630	
<b>Total</b>	<b>1,401,630</b>	

*Grant received from the KURA was to rehabilitate the destroyed connection line of water during construction of Busia Weighbridge.*

**9. Staff Costs**

	Period ended 30 June 2025	FY 2023-2024
Description	Kshs	Kshs
Gross Salary and Allowances	29,339,908	34,753,372
Casual workers Wages	88,310	58,490
Employer's contributions to social security schemes	1,461,555	964,256
Employer's contributions Affordable housing Levy	440,470	395,836
Employer's contributions to pension scheme	2,881,933	2,768,991
<b>Total</b>	<b>34,212,176</b>	<b>38,940,945</b>
<b>The average number of employees during the year</b>		
Permanent employees	53	
Temporary and contracted employees	12	
Seconded staff from the county	5	
<b>Total</b>	<b>70</b>	

**Busia Water and Sewerage Company Ltd**  
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**Notes to the financial statements (continues)**

**10. General and Operations Expenses**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Chemicals	2,066,000	1,904,650
Electricity	5,283,926	9,204,419
Fuel, oil, lubricants, and gases	608,541	1,717,520
Office supplies	248,275	837,775
Uniform and protective clothing	810	
Telecommunication	178,800	52,550
Postage and courier	1,870	
Insurance	414,900	
Hire of Equipment and vehicles	39,000	
Domestic Traveling and subsistence	1,513,560	1,181,540
Staff training and development	359,530	2,002,809
Bank Charges	56,449	
Security services	240,000	649,650
Agency commissions		709,442
Audit fees	400,000	400,000
Legal fees	367,000	580,647
Consultancy fees/Professional fee	321,664	12,000
Licensing and levies	1,541,086	1,941,230
Hospitality expenses	503,877	819,270
Provision for doubtful debts	4,362,896	
<b>Total</b>	<b>18,508,184</b>	<b>22,013,502</b>

**11. Board Expenses**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Chairman Honoraria	360,000	308,000
Sitting allowances	595,000	728,000
Travel and accommodation	17,500	
Other allowances	3,480	
<b>Total Board Expenses</b>	<b>975,980</b>	<b>1,036,000</b>

**Busia Water and Sewerage Company Ltd**  
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**Notes to the financial statements (continued)**

**12. Maintenance Expenses**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Plant and Equipment	2,899,660	2,578,269
Infrastructural networks	1,438,740	3,998,929
Grounds	10,000	
Motor vehicles	1,501,587	645,450
Software	221,760	
ICT	224,020	1,215,416
Water Meter	9,000	9,000
<b>Total Maintenance Expenses</b>	<b>6,304,767</b>	<b>8,447,064</b>

**13. Depreciation and Amortization Expenses**

Description	Period ended 30 June 2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment	1,180,799	1,008,681
<b>Total Depreciation and Amortization</b>	<b>1,180,799</b>	<b>1,008,681</b>

*Depreciation of comparative figure has been restated*

**14. Earnings Per Share**

There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**15. Dividend Per Share**

There were no dividend declared this financial year.

Notes to the financial statements (continued)

16. Property, Plant and Equipment

Description	Freehold land	Buildings & civil works	Water & Sewer Infrastructure	Plant and machinery	Motor vehicles, including, motorcycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
<b>Depreciation rate</b>		0.04	0.08	0.08	0.25	0.33	0.08		
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As At 1 July 2023</b>			8,395,401	1,701,796	3,581,620	1,549,620	919,459	-	16,147,896
Additions			1,295,280	-	-	-	44,500	-	1,339,780
<b>As at 30th June 2024</b>			<b>9,690,681</b>	<b>1,701,796</b>	<b>3,581,620</b>	<b>1,549,620</b>	<b>963,959</b>	-	<b>17,487,676</b>
Additions			2,085,973				65,500		2,151,473
<b>As at 30th June 2025</b>			<b>11,776,654</b>	<b>1,701,796</b>	<b>3,581,620</b>	<b>1,549,620</b>	<b>1,029,459</b>	-	<b>19,639,149</b>
<b>Depreciation And Impairment</b>									
<b>At July 1, 2023</b>			<b>7,036,603</b>	<b>781,006</b>	<b>3,581,620</b>	<b>1,509,287</b>	<b>616,929</b>	-	<b>13,525,445</b>
Depreciation			775,254	136,144	-	20,167	77,117		1,008,681
<b>As at 30th June 2024</b>			<b>7,811,857</b>	<b>917,150</b>	<b>3,581,620</b>	<b>1,529,454</b>	<b>694,046</b>	-	<b>14,534,126</b>
Depreciation			942,132	136,144	-	20,167	82,357		1,180,799
<b>As at 30th June 2025</b>			<b>8,753,990</b>	<b>1,053,293</b>	<b>3,581,620</b>	<b>1,549,620</b>	<b>776,402</b>	-	<b>15,714,926</b>
<b>As at 30th June 2024</b>			<b>1,878,824</b>	<b>784,646</b>	<b>0</b>	<b>20,166</b>	<b>269,913</b>	<b>0</b>	<b>2,953,550</b>
<b>NBV As at 30th June 2025</b>			<b>3,022,664</b>	<b>648,503</b>	<b>-</b>	<b>-</b>	<b>253,057</b>	<b>-</b>	<b>3,924,223</b>

*Restated value of computer and related equipments to reflect current value and depreciation not charged for the previous financial year*

**Busia Water and Sewerage Services Company Ltd**  
**Annual Reports and Financial Statements For the year ended June 30 2025**

**Notes to the financial statements (continued)**

**Valuation**

Land and buildings, etc were not valued during the financial year under review

**16 (b) Property, Plant and Equipment at Cost**

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

	Cost or valuation	Normal annual depreciation charge
Motor vehicles, including motor cycles	3,581,620	25%
Computers and related equipment	1,549,620	33.3%
<b>Total</b>	<b>5,131,240</b>	

**17. Inventories**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
General stores		
Chemicals & Laboratory items	1,087,900	157,300
Water fittings and Accessories	620,900	867,490
Water meters	905,500	
Stationery and general stores	184,165	255,935
Less: Impairment of stocks	(20,167)	0
<b>Total</b>	<b>2,778,298</b>	<b>1,280,725</b>

*The inventories are in the company pumping stations and offices*

**17. a) Inventory movement detail**

Description	Period ended 30 June 2025	FY 2023-2024
	KShs	KShs
At the beginning of the year	1,280,725	
Additional provisions during the year	3,072,068	
Utilised during the year	(1,554,328)	
Written off during the year	(20,167)	
<b>At the end of the year</b>	<b>2,778,298</b>	

**Busia Water and Sewerage Services Company Ltd**  
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**Notes to the financial statements (continued)**

**18. Trade and Other Receivables**

Description	Period ended 30 June 2025	FY 2023-2024
	KShs	KShs
Trade receivables (note (18a))	182,403,181	150,768,307
Other receivables	25,000,000	
<b>Gross trade and other receivables</b>	<b>207,403,181</b>	<b>150,768,307</b>
Provision for bad and doubtful receivable	32,188,797	27,866,183
<b>Net trade and other receivables</b>	<b>207,403,181</b>	<b>150,768,307</b>
<b>Analysed as:</b>		
Short- Term Trade and Other Receivables	42,933,346	
Long- Term Trade and Other Receivables	164,469,835	

**18. (a) Trade Receivables**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Gross trade receivables	<b>214,591,977</b>	178,634,490
Provision for doubtful receivables	(32,188,797)	(27,866,183)
Net trade receivables	<b>182,403,181</b>	<b>150,768,307</b>
<b>The ageing analysis of the gross trade receivables was as follows:</b>		
Less than 30 days	4,513,984	2,410,332
Between 30 and 60 days	3,765,763	6,735,678
Between 61 and 90 days	5,558,909	3,784,525
Between 91 and 120 days	3,899,190	2,440,377
Over 120 days	196,854,131	135,397,395
<b>Total</b>	<b>214,591,977</b>	<b>150,768,307</b>

**Busia Water and Sewerage Services Company Ltd**  
**Annual Reports and Financial Statements For the year ended June 30 2025**

**Notes to the financial statements (continued)**

**18. (b) Reconciliation of Impairment Allowance for Trade Receivables**

Description	Period ended 30 June 2025	FY 2023-2024
	KShs	KShs
At the beginning of the year	27,866,183	
Additional provisions during the year	4,322,614	27,866,183
At the end of the year	32,188,797	27,866,183

**19. Bank and Cash Balances**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Cash at bank	2,252,877	1,378,700
Mobile money account	154,219	1,453,548
	<b>2,407,096</b>	<b>2,832,248</b>

**Detailed analysis of the cash and cash equivalents**

		2024-2025	2023-2024
Financial institutions	Account number	Kshs.	KShs.
<b>a) Current account</b>			
Commercial banks			
Equity Bank Revenue Account	0780279267508	916	1,836
Equity Bank Expenditure Account	0780279267525	81,413.80	422,389
Cooperative Bank Revenue Account	001141237264000	660,713	52,709
Cooperative Bank Expenditure Account	001141237264001	365	26,692
<b>Sub- total</b>		<b>743,408</b>	<b>503,626</b>
<b>b) On – call deposits</b>			
Commercial banks			
Cooperative Bank Customer deposit	001141237264002	1,362,462	579,053
Kenya Commercial Bank customer deposit Account	1302126061	146,008	147,199
<b>Sub- total</b>		<b>1,508,470</b>	<b>726,252</b>

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<b>c) Others</b>			
Infrastructure Account	001141237264003	999	148,822
M-pesa Pay Bill No	689872	154,219	1,453,548
<b>Sub- total</b>		<b>155,218</b>	<b>1,602,370</b>
<b>Grand total</b>		<b>2,407,096</b>	<b>2,832,248</b>

**20. Ordinary Share Capital**

	FY2024-2025	FY 2023-2024
	Kshs	Kshs
<b>Authorized:</b>		
20,000 ordinary shares of Kshs.5 par value each	100,000	100,000
<b>Issued and fully paid:</b>		
20,000 ordinary shares of Kshs.5 par value each	100,000	100,000

**21. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

**22. Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

**Busia Water and Sewerage Services Company Ltd**  
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**Notes to the financial statements (continued)**

**23. Retained Earnings**

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

	2024-2025	2023-2024
	Kshs	Kshs
Retained earnings	(2,634,425)	(25,779,754)
<b>Totals</b>	<b>(2,634,425)</b>	<b>(25,779,754)</b>

**24. Borrowings**

Description	2024-2025	2023-2024
	KShs	KShs
<b>a) Internal Borrowings</b>		
Balance at beginning of the year(customer deposit)	10,171,521	
Internal borrowings during the year	0	
Repayments of during the year	558,839	
<b>Balance at end of the year</b>	<b>9,612,682</b>	

**25. Provisions**

Description	Gratuity provisions	Bad and doubtful debt Provisions	Total
	KShs	KShs	KShs
Balance at the beginning of the year		27,866,183	27,866,183
Additional Provisions	905,400	4,322,614	5,228,014
<b>Balance at the end of the year</b>	<b>905,400</b>	<b>32,188,797</b>	<b>33,094,197</b>

**Retirement Benefit Obligations**

The entity contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at rate of 6% of gross pay per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Laptrust Pension

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Fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

**26. Trade and Other Payables**

Description	Period ended 30 June 2025	FY 2023-2024
	Kshs	Kshs
Trade payables	63,184,329	56,249,417
Customer deposits payable		10,897,773
Employee payables	101,900,079	85,467,280
Other payables	23,059,812	23,059,812
<b>Total</b>	<b>188,144,220</b>	<b>175,674,282</b>

**Aging Analysis for Trade and other Payables**

	FY2024-2025	% of the total	FY 2023-2024	% of the total
Under one year	12,469,938	0.09	3,044,083	0.02
1-2 years	3,044,083	0.02	6,263,459	0.04
2-3 years	6,263,459	0.03	8,950,611	0.05
Over 3 years	166,366,740	0.86	157,416,129	0.9
<b>Total</b>	<b>188,144,220</b>		<b>175,674,282</b>	

**Trade And other payables Details**

	2024-2025	2023-2024
	Kshs	Kshs
<b>Trade payables</b>		
Pan Africa Chemicals	1,540,119	1,540,119
Ajie Investment	218,880	218,880
Brinet Ventures	26,800	26,800
Memory Soft international	40,600	-
Bulls Security Services	2,219,956	2,219,956
Davis and Shirtliff	93,446	93,446
Migori Auto Spare	31,400	31,400
Dominion Dishes	11,700	11,700
Graneat Motors Services	720	720

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Kibo Africa Limited	265,484	265,484
Laser Insurance Brokers	66,216	66,216
Sulis East Africa Ltd	21,830	21,830
Malcoms Agencies	408,042	408,042
Kel Chemicals Limited	1,260,520	1,260,520
Py-rex East Africa Limited	95,700	95,700
Lionel General Stationaries Offices	267,750	267,750
Aquatreat	95,290	95,290
Boderline Contractors	223,250	223,250
Omondi Plumbers and General Contractors	198,950	198,950
Palulu Fabrication and General Engineer	15,000	15,000
Spellion Kenya Limited	55,620	55,620
Stepvits Enterprises Limited	104,050	104,050
Tonner Solutions	88,640	88,640
Redseal Solutions Ltd	284,380	284,380
Jolof Enterprises	110,000	110,000
Mulembe International Hotel	56,300	56,300
Farmview Hotel	562,560	562,560
Charlink General Supplies	804,360	1,458,600
CIC Group	261,741	261,741
Aidatek Enterprises Ltd	119,990	119,990
Butaya Ventures	110,745	110,745
Kenya Power and Lighting Company	4,341,116	2,077,190
Pride kings	1,124,828	1,124,828
320 Technologies	136,880	136,880
ATS Travel	54,000	54,000
Bondo Pride	145,595	145,595
KSB Pumps	154,280	154,280
Superworld general suppliers	431,850	431,850
Juma Mulika	20,800	20,800
Safaricom Ltd	73,044	113,044
Axar motors ltd	19,400	19,400
Brett technologies	330,000	330,000
Bumaki Limited	1,452,905	1,452,905
Maratech agencies	305,000	305,000
Chef west	40,000	40,000
Collection Africa LTD	1,921,681	1,921,681
Sarah Patrick	10,900	10,900
Collins Oduory	16,000	16,000
Ludovick Ogude	11,200	11,200
Vincent Sirima	25,899	25,899
Polycarp Wasikoli	25,900	25,900
Motapanel company limited	72,000	72,000
Dalda petrol station	61,237	202,296
First African Insurance	418,686	418,686

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J.O JUMA &Co.Advocates	100,000	100,000
Keaton System	-	24,150
NITA	21,751	21,751
National Media Group	59,999	59,999
National Media Group	77,894	77,894
Osons Junior Enterprises	25,000	25,000
Shibalink Company limited	2,862	2,862
Spenomatic Labs and Chemicals	1,949,034	1,949,034
Tactical Surveillance	1,045,293	1,045,293
NTSA	3,050	3,050
Yapharick General Suppliers	260,400	260,400
Brimmatech investments	732,110	732,110
WASREB performance guarantee	700,000	700,000
WRA -Bungoma	2,815,505	2,815,505
BABS Security	384,000	384,000
Daburn engineering and consultants	629,410	884,188
NABS	1,295,280	1,295,280
Akisum suppliers	475,000	297,100
Johnbow Tours And Travel Ltd	104,050	
Alusi Tours	22,200	
Wasafi Developers Ltd	1,392,000	
Superlity Enterprise (K) Ltd	1,315,000	
Namo Italiano (K)	1,150,452	
Moto Vehicle Insurance	389,900	
Cedric Jude	28,000	28,000
Slvester otieno	35,750	35,750
Stephen onyango	35,000	35,000
Thomas lukeyo	42,000	42,000
Dancan kwena	28,000	28,000
Sarah patrick	35,000	35,000
Auditor General	3,200,000	3,200,000
WASPA	679,600	679,600
WASREB	13,070,843	11,604,747
W.R.A-Siaya	5,313,021	5,313,021
Lake Victoria North Water Works Development Agency	4,913,685	5,013,685
Sub-total	<b>63,184,329</b>	<b>56,076,432</b>
<b>CREDITORS FROM JOINT KAKAMEGA BUSIA</b>		
Auditor General	541,333	541,333
Beatwam Limited Integrated	183,164	183,164
Bedrock Holdings Ltd	219,623	219,623
Betco Engineering	16,667	16,667
CIC Group	7,032	7,032
Coast Industrial and Safety Supplies Ltd	233,317	233,317

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Double Shasha	122,250	122,250
Gm Busolo Contractors	26,000	26,000
Golf Hotel	17,400	17,400
Highrise Designers	19,777	19,777
ICEA Lion General Assurance	594,287	594,287
Julika Automobiles	66,478	66,478
Kakamega General Motors	60,112	60,112
Kinetics Enginneering Ltd	348,708	348,708
Legal Fee	333,333	333,333
Lake Victoria North Water Works Development Agency	19,397,035	19,397,035
Morisam Construction	31,627	31,627
Nupaxx Services	585,833	585,833
Pamida Engineering	343	343
Postal Corporation of Kenya	2,277	2,277
Sahajanand Spares Corner Limited	36,667	36,667
Terranova Autospare	39,410	39,410
Tyretec Autospare	19,333	19,333
Water and Solar Terchnologies Limited	15,053	15,053
Wekesa Simiyu Advocates	142,753	142,753
<b>Sub-total</b>	<b>23,059,812</b>	<b>23,059,812</b>
<b>EMPLOYEE LIABILITY</b>		
<b>Net Salaries</b>	38,186,627	30,999,419
N.S.S.F	10,904,634	8,474,893
NITA	287,523	287,523
Housing levy	748,330	
Commissioner of Income Taxes	5,895,863	5,061,671
Laptrust	36,952,695	32,578,370
Co-operative Bank of Kenya	3,427,392	3,427,392
Board of Directors Sitting Allowances	2,502,518	1,816,500
BUWASSCO Welfare Association	965,225	965,225
The Standard Group	344,694	344,694
Ukulima Sacco	1,530,861	1,530,861
Wevarsiy Sacco Society	153,717	153,717
<b>Sub-total</b>	<b>101,900,079</b>	<b>85,640,265</b>
	<b>188,144,220</b>	<b>164,776,509</b>

**27. Refundable Deposits and Prepayments**

Description	Period ended 30	FY 2023-2024
	June 2025	
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits	11,122,823	10,897,773
<b>Total</b>	<b>11,122,823</b>	<b>10,897,773</b>

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**Notes to the financial statements (continued)**

**Aging Analysis for Refundable Deposits and Prepayments**

	FY	% of the total	FY	% of the total
	2024-2025		2023-2024	
Under one year	225,050	2%	386,676	4%
1-2 years	386,676	3%	501,498	5%
2-3 years	501,498	5%	351,210	3%
Over 3 years	10,009,599	90%	9,658,389	88%
<b>Total</b>	<b>11,122,823</b>		<b>10,897,773</b>	

**28. Dividends Payable**

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. No dividend has been declared by the company.

**29. Notes to The Statement of Cash Flows**

	2024-2025	2023-2024
	Kshs	
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations</b>		
Profit or loss before tax	23,165,497	(13,485,278)
Depreciation	1,160,633	988,515
Amortisation	40,332	
<b>Operating profit/(loss) before working capital changes</b>	<b>24,366,462</b>	<b>(12,496,763)</b>
(Increase)/decrease in inventories	(1,517,740)	197,711
(Increase)/decrease in trade and other receivables	(56,634,874)	(19,965,749)
Increase/(decrease) in trade and other payables	32,980,393	34,274,765
Increase/(decrease) in retirement benefit obligations	1,401,630	
Increase/(decrease) in provision	905,400	
Customer adjustment during the year	225,050	0
<b>Cash generated from/(used in) operations</b>	<b>1,726,321</b>	<b>2,009,964</b>
<b>(b) Analysis of cash and cash equivalents</b>		
Short term deposits		
Cash at bank	2,407,096	2,832,248
<b>Balance at end of the year</b>	<b>2,407,096</b>	<b>2,832,248</b>

**Notes to the financial statements (continued)**

**Other Disclosures**

**30. Related Party Disclosures**

**County Government of Busia**

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

Other related parties include:

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

**Transactions with related parties**

Description	Period ended 30 June 2025 Kshs	FY 2023-2024 Kshs
<b>a) Grants from the Government</b>		
Grants from County Government of Busia	5,000,000	9,483,591
Kenya Urban Roads Authority	1,401,630	1,401,630
<b>Total</b>	<b>6,401,630</b>	<b>10,885,221</b>
<b>b) Key management compensation</b>		
Board Expenses	975,980	
Compensation to key management	3,358,775	
<b>Total</b>	<b>4,344,755</b>	

### **31. Capital Commitments**

Capital commitments at the year- end for which no provision has been made in these financial statements.

### **32. Financial Risk Management**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due but not Impaired Kshs</b>	<b>Past due and Impaired Kshs</b>
<b>At 30 June 2025</b>				
Trade Receivables	<b>182,403,181</b>			
Other Receivables	25,000,000			
Bank balances	2,407,096			

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<b>Total</b>	<b>209,810,277</b>			
<b>At 30 June 2024</b>				
Receivables	150,768,307			
Bank balances	2,832,248			
<b>Total</b>	<b>153,600,555</b>			

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from 1<sup>st</sup> July 2024.

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

**ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Trade payables	12,469,938	9,307,542	166,366,740	188,144,220
Current portion of borrowings			9,612,682	9,612,682
Provisions			905,400	905,400
<b>Total</b>	<b>12,469,938</b>	<b>9,307,542</b>	<b>176,884,822</b>	<b>198,662,302</b>

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<b>At 30 June previous year</b>				
Trade payables	3,044,083	15,214,070	157,416,129	175,674,282
<b>Total</b>	<b>3,044,083</b>	<b>15,214,070</b>	<b>157,416,129</b>	<b>175,674,282</b>

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

The Company has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**b) Foreign currency sensitivity analysis**

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

**c) 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. These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii)** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The

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Company considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

***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.

**iv) Capital Risk Management**

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

**33. Incorporation**

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

**34. Events After the Reporting Period**

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

**Busia Water and Sewerage Services Company Ltd**  
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**20. Appendices**

**Appendix 1: progress on follow up of auditor recommendations.**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Follow up on Auditor General Recommendation for the Financial Year ended 30 June,2024</b>				
1.	<b>Long outstanding trade and other receivables</b>	The company has a debt management policy to help recover its receivables	<b>Not resolved</b>	
2	<b>Unsupported and long outstanding trade and other payables</b>	Currently the management is working on revenue collection enhancement measures so as to reduce our debts and enable the company manage its working capital so that we are able to meet our obligation as and when they fall due.	<b>Not resolved</b>	
3	<b>Unsupported customer deposits</b>	The management used portion of Customer deposit to pay for operation and maintainance. Its in the process of repayment of deposit back to its account	<b>Not resolved</b>	
4.	<b>Non disclosure of Non Revenue Water</b>	The management provided production data against billed water	<b>Not resolved</b>	

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5.	<b>Unsupported share capital</b>	The Company ownership was changed via seeding of shares previously owned by individual shareholders back to the county government on 24 <sup>th</sup> March, 2023.	<b>Not fully resolved</b>	<b>June 2025</b>
	<b>Budgetary control and performance</b>	The underfunding and under performance will be addressed through proactive donor/partner engagement and review of a new tariff which will greatly increase the company revenue and implementation of the debt management policy which provide guidelines on how to manage our beds and improve on our collection efficiency.	<b>Not fully resolved</b>	
<b>Report on Lawfulness &amp; Effectiveness in use of Public Resources</b>				
1	<b>Lack of water license</b>	The process has been initiated by management	<b>Not fully resolved</b>	
2	<b>Irregular payment of legal fees to private Legal firm</b>	The company has resolved the issue to use the services of County Attorney	<b>Resolved</b>	

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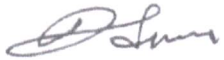
3	<b>Irregular procurement of Debt collection services</b>	The debt collector was engaged casual to able to assist the company raise the revenue. However due to inefficiency of work delivery the company had to stop the services	<b>Not fully resolved</b>	
<b>Report On Effectiveness Of Internal Controls, Risk Management, And Governance</b>				
1	<b>Incomplete asset management register</b>	The company maintain fixed asset register; the pending issue remain with the asset inherited witout prior transfer to BUWASSCO.	<b>Resolved</b>	
2	<b>Lack of critical management personnel</b>	The company is facing financial challenges yet not able to hire key management personnel. However the company requested the officer to seconde from the county government of Busia	<b>Resolved</b>	
3	<b>Failure to establish committee of Audit and Risk Management</b>	The company is in process of engaging county audit committee to spear head the roles of audit committee	<b>Not resolved</b>	
4	<b>Lack of a risk Manganement policy</b>	The policy has been made	<b>Resolved</b>	

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5	<b>Lack of ICT policy</b>	By time of audit the policy was in draft stage awaiting for approval by the Board	<b>Resolved</b>	
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Name **Collins Oduori**

Signature



Managing Director

Date: 27/8/2025



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**Appendix II: Projects Implemented by the Company**  
**Projects**

Projects implemented by the Company Funded by development partners.

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Nambale Mjini-Mayenje Water Project	18,640,492.50	14,206,370	80%	18,640,492.50	14,206,370	WSTF & BUWASSCO

**Appendix III- Inter-Entity Confirmation Letter**

**Name of Transferring entity: BUSIA COUNTY WATER DEPARTMENT**  
**Name of Beneficiary entity: BUSIA WATER AND SEWERAGE SERVICE COMPANY**

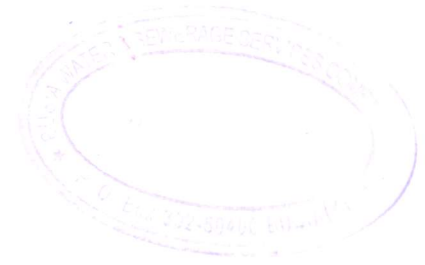
**Confirmation of amounts received by BUWASSCO as at 30<sup>th</sup> June 2025**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT2435155Q0C,1/BUSIA COUNTY/ROC/0000061318000009422973	16-12-2024	5,000,000		5,000,000	
<b>Total</b>		<b>5,000,000</b>		<b>5,000,000</b>	

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

**Head of Accounts Department - Disbursing Entity:**

Name: Collins Oduori Sign  Date: 27/8/2025



**Head of Accounts Department - Beneficiary Entity:**

Name: Stephen Walter Masinde Sign  Date: 27/8/2025

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

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

**Appendix V: Reporting Disaster Management Expenditure**

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

**Appendix VI: Recording of Transfers from Other Government Entities**

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Comprehensive income	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	16-12-2024	Recurrent	30,000,000	5,000,000			25,000,000		5,000,000
Kenya Urban Roads Authority	08-8-2024	Direct Payment			1,401,630				1,401,630
<b>Total</b>									<b>6,401,630</b>

