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REPORT

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OF

THE AUDITOR-GENERAL

ON

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**TURKANA COUNTY
RURAL WATER SERVICES
PUBLIC LIMITED COMPANY**

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

1944



**TURKANA COUNTY RURAL WATER SERVICES PLC
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

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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1. Acronyms and Definition of Key Terms

PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
CPA(K)	Certified Public Accountant of Kenya
TURWASCO	Turkana County Rural Water Services
PLC	Public Limited Company
CEO	Chief Executive Officer
DG	Director General
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ICS	Institute of Certified Secretaries
MD	Managing Director
NT	National Treasury
PFMA	Public Finance Management Act.
WASREB	Water Services Regulatory Board

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

Turkana County Rural Water Services Company (TURWASCO) is a Water Service Provider (WSP) established on the basis of the Section 77 of County Water Act, 2016 as read together with section 24 of Turkana County Water Act 2019 which provides for formation of Water Services Providers to supply water in urban and rural settlement in the county.

Incorporated on 16th February 2021 certificate number: PLC-MYSRJ9 as per the company's act cap 486, the utility provides water services to all rural areas of Turkana County as specified and directed by county government.

TURWASCO constitutes of seven (7) member board directors who represent various stakeholders including the shareholder or the county government of Turkana and members of society from diverse groups who hail from the greater North, South and Central segments of Turkana County.

The Company is represented by the County Executive Committee Member responsible for water and sanitation, 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 has branches all sub counties except Lodwar and Kakuma Municipalities being served other utilities.

The utility has Corporate Management Teams (CMTs) and is domiciled in the Ministry of Water Services.

Principal Activities

Strategic goals of the company

Vision

A water secure community

Mission

To provide clean, adequate, safe, accessible, reliable, portable and affordable water services in a sustainable manner to the satisfaction of our client and the stakeholders

Specific goals

- Ensure Access to clean, safe and affordable water services to the rural areas of the county
- Maintain and upgrade water infrastructure
- Promote consumer protection
- Manage water assets and inventory

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- Promote water, sanitation and hygiene (WASH) Practices
- Implement Pro-poor community support initiatives
- Collaboration with development partners and county government for service enhancement

Directors

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

1. Mr. Paul Erot Merinyang - Chairman - Appointed ...4/20224
2. Mr. Losike Samuel Ekarani Victorsam - Managing Director - Appointed on 12/7/2024
3. Mr. Godfrey Ikone Akolong - Appointed on ...4/2024
4. Mrs. Elizabeth Ngkala Kaisa - Appointed on ...4//2024
5. Mr. Shadrac Lopeyok - appointed on ...4/2024

Registered Office


Ministry of water Services
Along Nabulon road
P.O. Box 62 - 30500
Lodwar, KENYA

Corporate Headquarters

P.O. Box 62
Water compound
Nabulon Road/Highway
Lodwar, KENYA

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3. The Board of Directors

Directors	Details
<p>MR. PAUL MERINYANG</p>  <p>CHAIRPERSON</p>	<p>Mr. Paul Erot Merinyang is a retired public servant whose distinguished career spans more than 40 years in government service. He began as a classroom teacher and rose through the ranks to serve in key leadership roles, including District Commissioner, Education Officer, and School Supervisor. His career reflects a consistent dedication to public development, education, and good governance.</p> <p>Holding a Higher National Diploma, Mr. Merinyang brings not only academic credentials but also a wealth of practical expertise. His comprehensive understanding of institutional management and community engagement uniquely positions him to guide the governance of the water utility with integrity and insight. His leadership style is grounded in accountability, transparency, and service—a testament to his legacy in both education and administration.</p> <p>Mr. Merinyang’s blend of educational grounding and seasoned judgment promises a forward-thinking, community-centered approach to water utility governance.</p>
<p>MR. GODFREY IKONE AKOLONG</p>	<p>DOB - 23RD DECEMBER 1991</p> <p>Godfrey Ikone Akolong is a seasoned public health professional with a decade of progressive experience in health systems strengthening and humanitarian-development nexus initiatives. Throughout his career, he has held key technical and leadership roles in</p>



MEMBER

government, international NGOs, and donor-funded programs, where he has successfully designed, implemented, and overseen multi-sectoral health and water, sanitation & hygiene (WASH) interventions.

Akolong brings to the board a unique blend of policy acumen, technical expertise, and hands-on experience in community engagement and systems development. His strategic vision and commitment to equity position him as a valuable asset in steering Turkana County Rural Water Services Company toward its goal of delivering inclusive, sustainable, and resilient rural water services.


MRS. ELIZABETH NGAKALA





MEMBER

Mrs. Elizabeth Ngakala Kaisa is a veteran educator whose service in the public sector spans over three decades. As a classroom teacher, she has shaped generations with her passion, resilience, and profound understanding of the educational landscape. Her journey reflects not just longevity, but a legacy of nurturing minds and driving change through knowledge.

She holds a Bachelor of Education degree, which, when combined with her rich and diverse experience, makes her a powerful force for organizational growth. Her deep familiarity with public service and institutional systems gives her the foresight to contribute meaningfully to the development and governance of any company or community-based initiative.

	<p>Mrs. Kaisa’s wisdom, leadership, and enduring spirit position her as a cornerstone for any team seeking transformative impact rooted in experience and values.</p>
<p style="text-align: center;">MR. HASHIM LOKAALEI KERIO</p>  <p style="text-align: center;">MEMBER</p>	<p>DoB 1982</p> <p>Mr. Hashim Lokaalei Kerio is a seasoned professional whose work across multiple organizations reflects his deep-rooted commitment to both corporate excellence and public service. With a Diploma in Community Business Development, he brings a powerful blend of strategic insight and grassroots engagement.</p> <p>His extensive expertise in community mobilization positions him as an invaluable connector between vision and execution. Mr. Kerio’s ability to foster collaboration, galvanize local initiatives, and champion sustainable development makes him a formidable contributor to any organization seeking growth that is both meaningful and inclusive.</p> <p>Whether bridging gaps between stakeholders or driving forward community-based projects, Mr. Kerio is defined by his passion, pragmatism, and enduring impact</p>

<p>MR. SHADRACK LOPEYOK</p>  <p>MEMBER</p>	<p>Mr. Shadrack Lopeyok</p> <p>Mr Lopeyok is a dedicated procurement expert who has worked with NGOs in South sudan and kenya. He brings his knowledge expertise and expeiriecne towards building up a robist county entity.</p>
<p>MR. SAMUEL EKARAN LOSIKE</p>  <p>SECRETARY</p>	<p>DoB 23/11/1990</p> <p>Samuel Ekarán Victorsam is a seasoned development practitioner whose career reflects an unwavering commitment to environmental sustainability, social equity, and community empowerment. He holds a Bachelor's degree in Social Work and Administration and has served in multiple leadership roles across prominent organizations-including LOKADO, LWF, IRDO, and TEI-where he championed initiatives in climate resilience, sustainable livelihoods, and rights-based development.</p> <p>As Managing Director, Mr. Ekarán has been instrumental in laying a strong foundational framework for organizational growth and innovation. His pioneering spirit continues to steer the company toward impactful solutions that prioritize environmental integrity and grassroots engagement.</p> <p>During his tenure as Senior Environment Officer in the County Government, he was a driving force behind integrating climate-smart policies with local</p>

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	<p>governance. His work helped bridge the gap between environmental legislation and community action, influencing sustainable planning at both institutional and local levels. Currently, Mr. Ekanan is pursuing a Master of Science in Climate Change Adaptation and Sustainable Development.</p>
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4. Key Management Team

Manager	Details
<p>VICTORSAM EKARAN SAMUEL</p>  <p>MANAGING DIRECTOR</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • on going MSC in Climate Change Adp and Sustainable Dev • Bachelors of Social Work and Admin. Diploma in Community Development
<p>FRANCIS ADOME LOCHERIA</p>  <p>TECHNICAL MANAGER</p>	<p>Francis Adome Locheria is a Kenya Water graduate holding diploma in water management. He has worked in water sector for more than ten years in different capacities. His appointment to the technical services department is valuable to the company growth and development.</p>
<p>EWEEET JOSEPHAT</p>  <p>ICT & COMPLIANCE MANAGER</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelors of ICT
<p>CPA. EDWARD EKARU EREGAE</p>	<p>CPA Edward Ekaru Eregae is a seasoned Finance expert with a wealth of knowledge and experience in finance and accounting. He has served in various</p>

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COMMERCIAL MANAGER

organizations where he consistently delivered outstanding results. His strong dedication and professionalism have significantly contributed to excellence in financial management and overall organizational performance

AUGUSTINE LOCHUCH



HR & ADMINISTRATION MANAGER

Augustine Lochuch is a Human Resources expert who recently joined the public sector after serving with distinction in various organizations as he advanced his career. His commitment to service delivery is commendable, and his dedication presents great potential for continued growth and impact in the human resource field

5. Chairman's Statement

On behalf of the Board of Directors of the Turkana County Rural Water Services Company (TURWASCO), I am pleased to present this brief highlight of our key activities and progress during the year under review.

Key Activities and Successes

During the reporting year, TURWASCO made significant strides in fulfilling its mandate of providing safe and reliable water services to rural communities in Turkana County. Notable achievements include:

- Successful takeover of several rural water schemes as assigned by the shareholder, enabling expanded service coverage.
- Enhanced stakeholder engagement with county government, development partners, and community structures to strengthen service delivery.
- Progress in the license application process with the Water Services Regulatory Board (WASREB), including compliance with regulatory requirements.
- Strengthening of institutional capacity, through improved staffing, governance, and acquisition of essential resources to support operations.

Challenges Faced

Despite these milestones, the company continues to face challenges. Limited financial resources, aging water infrastructure, and high operational costs in remote areas remain key hurdles. In addition, climate-related shocks, including drought, have further constrained water availability and service reliability.

Way Forward / Outlook

Looking ahead, TURWASCO is committed to consolidating its successes and addressing the challenges through:

- Enhancing revenue collection and pursuing financial sustainability.
- Strengthening partnerships with development actors to mobilize resources for infrastructure development.

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- Investing in staff capacity, technology, and modern systems to boost efficiency and accountability.
- Continuing the regulatory process towards full licensing and tariff approval to guarantee long-term operational stability.

In conclusion, I wish to recognize the dedication of the Board, Management, Staff, and all our partners whose commitment has enabled us to serve communities better. Together, we shall continue building TURWASCO into a strong, efficient, and sustainable water service provider.

Sign:  Date: 8/12/2025

Paul Erot Merinyang

Chairperson, Board of Directors

Turkana County Rural Water Services Company (TURWASCO)

6. Managing Director's Report

It gives me great pleasure to present the Managing Director's Report for the Turkana County Rural Water Services Company (TURWASCO) for the year under review. This report reflects on the progress we have made in fulfilling our mandate of providing sustainable, reliable, and safe water services to rural communities in Turkana County, while also highlighting the challenges we continue to face and our outlook for the future.

Key Activities and Achievements

1. Definition and expansion of service coverage

In the course of the year, TURWASCO successfully through the stewardship of the county executive member for water services and county government in entirety, defined the service coverage areas and went ahead to takeover and management of a number of rural water schemes initiated under the management of the water users association groups as allocated by the shareholder. These efforts expanded our operational footprint and enabled us to reach more households, institutions, and communities with improved water services.

2. Strengthened Institutional Capacity

The Company made deliberate steps to enhance its internal capacity. Through the recruitment of skilled personnel and strengthening of governance structures, TURWASCO is building a workforce and leadership framework that is capable of sustaining operations and delivering on the expectations of the people of Turkana.

We also benefitted from strategic support from partners such as Catholic Relief Services (CRS), who donated laptops, motorbikes and other software's to strengthen our operational efficiency and data management systems.

3. Stakeholder Engagement

we continued to deepen collaboration with the County Government of Turkana, regulatory bodies, and development partners. Engagements with communities and water user associations have been particularly critical in fostering ownership, accountability, and sustainability of rural water schemes.

4. Licensing and Regulatory Compliance

A major milestone during the year was progress towards obtaining a license from the Water Services Regulatory Board (WASREB). We successfully completed approximately 60% of the licensing process, awaiting submission of required documentation and compliance with institutional benchmarks. The

licensing process is essential to position TURWASCO as a fully recognized and regulated Water Service Provider (WSP), paving the way for tariff approval and long-term financial sustainability.

Financial Performance

The company's financial position remains modest but stable. Revenue collection has been constrained by low tariffs, irregular customer payments, and high operational costs associated with managing dispersed and remote schemes. Despite these challenges, TURWASCO has maintained prudent financial management practices, ensuring that available resources are directed to priority operations.

Support from development partners has been invaluable in bridging capacity and resource gaps. Moving forward, the company will intensify efforts in revenue mobilization, explore innovative financing models, and align with county and national government development programs to strengthen its financial base.

Challenges Encountered

Like many rural water utilities, TURWASCO faces persistent challenges, including:

Aging and inadequate infrastructure, much of which requires rehabilitation or complete overhaul.

High operational costs, especially due to energy costs for pumping and the expansive geography of Turkana.

Climate variability and droughts, which limit water availability and increase demand pressures.

Limited financial resources, constraining the pace of infrastructure development, maintenance, and expansion.

Low revenue collection efficiency, due to limited customer capacity to pay and weak payment enforcement mechanisms.

Way Forward and Outlook

Despite these challenges, TURWASCO remains committed to strengthening its service delivery and building long-term sustainability. Our outlook is anchored on the following priorities:

Financial Sustainability: defining revenue streams, improving revenue collection, enhancing commercial viability of schemes, and seeking partnerships for capital investment.

Infrastructure Development: Collaborating with county government and partners to rehabilitate and expand rural water infrastructure.

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Technology and Innovation: Leveraging digital systems for billing, data management, and customer engagement to improve efficiency and accountability.

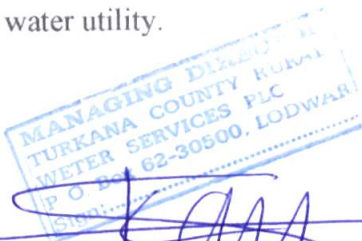
Staff and Capacity Development: Continuous investment in training, performance management, and organizational culture that promotes professionalism and service excellence.


Community Engagement: Deepening collaboration with water user committees and local leadership to foster sustainability, accountability, and customer ownership.

Regulatory Compliance: Fast-tracking the remaining stages of the WASREB licensing and tariff process to secure formal recognition and regulatory backing.

Conclusion

The year under review has been one of both progress and learning for TURWASCO. While the challenges we face are substantial, our commitment to serving the people of Turkana remains unwavering. With continued support from our partners, the County Government, and the communities we serve, we are confident that TURWASCO will continue to grow into a strong, efficient, and sustainable water utility.



Sign:  Date: 6/12/2025

Samuel Ekan Victorsam

Managing Director

Turkana County Rural Water Services Company (TURWASCO)

7. Statement of Performance against predetermined objectives

Section 164(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.

TURWASCO has anchored its operations on four strategic pillars outlined in the Company's Strategic Plan 2021–2026, namely:

1. Water Access and Infrastructure Development
2. Institutional and Human Resource Capacity Strengthening
3. Financial Sustainability and Commercial Viability
4. Governance, Partnerships, and Compliance

Annual work plans are developed based on these pillars and performance is reviewed quarterly against agreed Key Performance Indicators (KPIs). The assessment below highlights performance against predetermined objectives for FY 2024/2025.

Pillar 1: Water Access and Infrastructure Development

Objective: Expand and improve access to safe, reliable, and sustainable water supply in rural Turkana.

Key Activities: Takeover of rural water schemes, rehabilitation of aging boreholes, establishment of new pipelines, and rapid response maintenance interventions.

Achievements: TURWASCO successfully took over 8 number of rural schemes across Turkana west and South and east sub-counties. In addition, the Rapid Response Team conducted emergency repairs in drought-hit areas, restoring water services to Yericho B and Kaalemngorok Boreholes.

Pillar 2: Institutional and Human Resource Capacity Strengthening

Objective: Build a competent, motivated, and well-equipped workforce for efficient service delivery.

Key Activities: Recruitment of technical and administrative staff, staff training programs, acquisition of ICT tools.

Achievements: Key staff were on boarded including finance and HR experts. CRS donated laptops, improving operational efficiency. Staff training on customer service. Operations and maintenance, water

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quality, solar energy in water supply systems, corporate governance and financial management among other trainings were successfully rolled out.

Pillar 3: Financial Sustainability and Commercial Viability

Objective: Enhance revenue generation, collection efficiency, and prudent financial management.

Key Activities: Revenue mobilization, tariff application through WASREB, monitoring of scheme commercial viability.

Achievements: Progress made in the license and tariff application process (60% complete). Revenue collection improved in several schemes after introducing community-level sensitization on payment compliance.

Pillar 4: Governance, Partnerships, and Compliance

Objective: Strengthen corporate governance, accountability, and collaboration with stakeholders.

Key Activities: Regular Board meetings, compliance with Public Finance Management Act, engagement with development partners.

Achievements: Board governance frameworks were strengthened, including establishment of scheme of service and organogram. TURWASCO engaged partners including CRS and County Government of Turkana, enhancing institutional support.

Performance Summary Table (FY 2024/2025)

Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators (KPIs)	Activities	Achievements
Pillar 1: Water Access & Infrastructure	Increase rural water coverage	- No. of schemes taken over - No. of households reached	Takeover of rural water schemes; rehabilitation of boreholes; emergency repairs	8 schemes taken over; 2 boreholes rehabilitated; 100 households restored with water
Pillar 2: Institutional Capacity	Strengthen HR and operational systems	- No. of staff recruited/trained	Recruitment, training, procurement of	Key experts recruited; laptops

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Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators (KPIs)	Activities	Achievements
		- ICT systems acquired	laptops & equipment	donated by CRS; 15 staff trained
Pillar 3: Financial Sustainability	Enhance revenue collection and licensing progress	- % licensing process completed - Increase in revenue collected	WASREB licensing, tariff application, community sensitization	60% license progress; 50% increase in collections
Pillar 4: Governance & Partnerships	Strengthen governance and stakeholder collaboration	- No. of board resolutions implemented - No. of partnerships formalized	Board meetings, governance structures, partner engagement	Scheme of service adopted; CRS and County Gov't collaboration achieved

Overall Assessment

During FY 2024/2025, TURWASCO made tangible progress in line with its strategic objectives. While challenges such as limited financial resources, climate variability, and aging infrastructure persist, the company has built strong foundations through institutional reforms, infrastructure takeover, and progress in regulatory compliance.

The coming year will prioritize:

Completion of the WASREB licensing process,

Further strengthening of infrastructure and service coverage,

Enhancement of financial sustainability through improved billing and collection systems, and

Continued partnerships for resource mobilization and technical support.

TURWASCO remains committed to its mandate of ensuring reliable, affordable, and sustainable water services to the rural communities of Turkana County.

8. Corporate Governance Statement

Turkana County Rural Water Services Company (TURWASCO) is committed to the highest standards of corporate governance, transparency, accountability, and integrity in the delivery of its mandate. Good governance is essential in ensuring effective oversight, efficient management of resources, and sustainable service delivery to the communities we serve.

This statement outlines the governance framework and practices of the Company for the Financial Year 2024/2025, in compliance with the Water Act 2016, the Turkana County Water Act 2019, the Public Finance Management Act 2012, and other relevant statutes

9. Management Discussion and Analysis

The period under review represents the initial operational phase for both the Board of Directors (BoD) and the Company. The College adopts a baseline position of zero regarding its operational and financial performance, including the handover of Water User Associations (WUAs) to TURWASCO as a Water Service Provider (WSP).

During this formative period, no major projects or investment decisions were implemented or initiated, apart from the development of draft policies and technical acceleration activities. The Company was largely focused on establishing foundational systems, structures, and processes necessary for its effective commencement. It is important to highlight that at this early stage of establishment, TURWASCO faces a variety of teething challenges. These include, but are not limited to: Inadequate old dilapidated infrastructure, limited staffing levels, low enrolment to water connections, land encroachment concerns and insufficient financial resources

These challenges continue to constrain the Company's capacity to operate optimally; however, they also present opportunities for strategic intervention, institutional strengthening, and progressive growth in subsequent periods.

Environmental and Sustainability Reporting

Introduction

Turkana County Rural Water Services Company (TURWASCO) is mandated to provide safe, reliable, and sustainable water services to rural communities in Turkana County in line with the Water Act, 2016, and the Turkana County Water Act, 2019. The Company recognizes sustainability as the ability to maintain and continually improve service delivery to citizens over the long term while minimizing adverse social, economic, and environmental impacts.

TURWASCO's sustainability approach is guided by the principles of accountability, equity, and resilience, and is aligned with global frameworks such as the Sustainable Development Goals (SDGs)—particularly SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action), and SDG 15 (Life on Land).

i) Sustainability Strategy and Profile

TURWASCO's sustainability strategy is anchored on four key priorities:

Improving access to clean water services sustainably by investing in infrastructure that is resilient to drought and climate shocks.

Promoting efficient resource management through prudent financial practices and environmentally conscious operations.

Fostering inclusive development by empowering special groups such as women, youth, and Persons with Disabilities (PWDs).

Strengthening partnerships with county government, communities, and development partners to achieve long-term service delivery.

During FY 2024/2025, TURWASCO achieved notable progress:

Successfully took over additional rural water schemes, improving access to water in underserved communities.

Allocated a portion of procurement contracts to local suppliers, including youth and women-led enterprises, in line with government procurement guidelines.

Developed a Service delivery charter to improve transparency and accountability in customer service.

Challenges included limited resources for infrastructure upgrades, revenue constraints, and climate shocks such as drought. To mitigate these, TURWASCO prioritized partnerships with development actors and community engagement to enhance resilience.

ii) Environmental Performance

TURWASCO operates under an Environmental and Social Safeguards Policy that commits to minimizing negative impacts of its activities.

Achievements and Initiatives

Promoted water conservation awareness among communities through sensitization forums.

Adopted eco-friendly practices such as digitization of billing and reporting processes, reducing paper usage and reliance on plastic documentation.

Ensured regular maintenance of company vehicles and pumps, lowering fuel consumption and reducing carbon emissions.

Partnered with the County Government in tree planting initiatives around borehole sites and water points to combat desertification.

Installed solar-powered pumping systems in select schemes to reduce reliance on fossil fuels.

Challenges and Mitigation

Waste management remains a challenge due to limited disposal infrastructure. The Company is adopting measures such as reuse of old equipment and community-led waste management initiatives. Limited resources have slowed scaling up of climate-smart technologies; however, TURWASCO continues to pursue partnerships to bridge this gap.

iii) Employee Welfare

TURWASCO is committed to fair employment practices guided by national laws, including the Employment Act and the Occupational Safety and Health Act (OSHA) 2007.

Key Initiatives in FY 2024/2025:

Ensured gender inclusivity in recruitment, with deliberate efforts to engage youth and PWDs.

Rolled out training sessions on customer service, technical operations, and financial management.

Established a performance appraisal and reward system to enhance staff motivation.

Maintained a safe working environment by providing protective gear to field staff and observing OSHA requirements.

Reported minimal workplace injuries; preventive measures and regular safety sensitizations were conducted to keep risks low.

iv) Marketplace Practices

a) Responsible Competition Practice

TURWASCO upholds integrity and transparency by enforcing open tendering processes, adhering to procurement laws, and maintaining an anti-corruption reporting framework. A Service Charter has been published to improve accountability, and automation of billing systems is underway to enhance efficiency and transparency.

b) Responsible Supply Chain and Supplier Relations

The Company ensures fairness in supplier engagement, honouring contracts on time, and allocating opportunities to special groups (Youth, Women, and PWDs). Competitive procurement is strictly enforced in compliance with the Public Procurement and Asset Disposal Act (2015).

c) Responsible Engagement with Citizens

Community engagement remains central to TURWASCO's operations. Information is disseminated through public barazas, website updates, and social media. Outreach campaigns educate communities on water payment compliance, conservation, and their rights to safe water services.

d) Product Stewardship / Awareness Creation

TURWASCO safeguards consumer rights by ensuring safe water quality standards, providing dispute resolution mechanisms through customer service desks, and protecting consumer data through secure billing systems.

v) Corporate Social Responsibility (CSR) and Community Engagements

CSR is integrated into TURWASCO's mandate of improving community welfare through water services. Key initiatives in FY 2024/2025 included:

Borehole rehabilitation in drought-affected villages, restoring access to clean water for households and livestock.

Tree planting exercises in collaboration with local schools and communities to support climate adaptation and environmental restoration.

Community sensitization forums on hygiene, water conservation, and governance of water points.

Support to community water user committees in building capacity for scheme management and revenue collection.

These initiatives not only improved access to water but also strengthened trust and collaboration between the Company and communities.

Conclusion

TURWASCO remains committed to environmental stewardship, employee welfare, ethical market practices, and community engagement as part of its sustainability journey. While challenges such as climate variability and financial constraints persist, the Company's partnerships, innovations, and commitment to inclusivity place it on a solid path toward achieving long-term sustainability in water service delivery.

10. Report of the Directors

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

i) Principal Activities

The principal activity of the Turkana County Rural Water Services Company (TURWASCO) is the provision of sustainable, reliable, and safe water services to rural communities in Turkana County, as mandated under the Water Act, 2016 and the Turkana County Water Act, 2019. The Company continues to focus on expanding service coverage, strengthening governance and institutional capacity, and ensuring operational efficiency for the benefit of its stakeholders.

ii) Results

The results of the Company for the year ended 30 June 2025 are set out on page 1-6 of the financial statements. Below is a summary of the Company's financial performance during the year:

Total Revenue: Kshs. 7,176,856.80

Total Expenditure: Kshs. 5,504,974.45

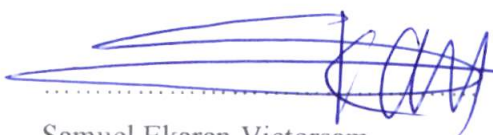
Net Surplus : Kshs. 1,170,318


iii) Dividends

The Directors have considered the financial position of the Company.

No dividend is to be shared. The Company has not declared dividends for the year ended 30 June 2025 due to the need to reinvest available resources in strengthening infrastructure, enhancing service delivery, and supporting financial sustainability.

By Order of the Board


.....
Samuel Ekan Victoriam



Secretary to the Board

Date: 8/12/2025

11. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012, the Companies Act, 2015, and the Water Act, 2016 (as applicable) require the Directors to prepare financial statements in respect of the Company that give a true and fair view of the state of affairs of the Company at the end of the financial year and of its operating results 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, and are responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company as at 30 June 2025 and of its performance for the year then ended. This responsibility includes:

1. Maintaining adequate financial management arrangements and ensuring that these remain effective throughout the reporting period;
2. Keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company;
3. Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring they are free from material misstatement, whether due to error or fraud;
4. Safeguarding the assets of the Company;
5. Selecting and applying appropriate accounting policies; and
6. Making accounting estimates that are reasonable and prudent in the circumstances.

The Directors confirm that the Company's financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and in conformity with International Financial Reporting Standards (IFRS) and the applicable laws and regulations governing the Company, including the Public Finance Management Act, 2012, the Water Act, 2016, and the Companies Act, 2015

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY RURAL WATER SERVICES PUBLIC LIMITED COMPANY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Turkana County Rural Water Services Public Limited Company set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025, and the statement of profit or loss and

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Turkana County Rural Water Services Public Limited Company 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 and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Turkana County Rural Water Services Public Limited Company 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.6,700,000 and Kshs.3,129,000 respectively, resulting in under-realization of revenue by Kshs.3,571,000 or approximately 53% of the budget. Similarly, the Company expended Kshs.2,180,927 against actual receipts of Kshs.3,129,000 resulting to under-absorption of Kshs.948,073 or approximately 30% of actual receipts.

The under-realization and under-absorption of the budget affected planned programmes and may have affected efficient 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. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the Other Information set out on pages iv to xxvii which comprise of Key Entity Information, The Board of Directors, Key Management

Team, Chairman's Statement, Managing Director's Report, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

The Company is using water tariff that was customized from the former Lodwar Water and Sanitation Company gazetted in the year 2007. It was further, noted that the tariff expired and has not been renewed or adjusted. This was contrary to Section 32(2) of the Water (Services Regulatory) Rules of 2012 which provides that all licenses shall contain the period in which such tariffs may be adjusted at least once in every three years.

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

2. Non-Compliance with Non- Revenue Water Management Guidelines

Review of records revealed that Management did not install bulk production meters to seven (7) different production schemes that includes Lokichoggio Scheme, Katilu Scheme, Lokapel Scheme, Lopur Scheme, Kataboi Scheme, Nachukui Scheme and Lowoarengak Scheme. As a result, it was not possible to confirm the total volume of water produced in cubic metre (M³) and further determine the acceptable level of the non-revenue water as provided for by the WASREB standards, This was contrary to Chapter 5.2.7 of the Non-Revenue Management Standard - Guidelines of Water Services

Regulatory Board (WASREB) 2022 which provide that bulk meters required for measuring all the production are read on monthly basis without failure to accurately calculate monthly total production.

In the circumstances, Management was in breach of the Water Services Regulatory Board's Guidelines.

3. Non-Remittance of Public Procurement Capacity Building Levy

Review of documents revealed that Management did not deduct and remit the public procurement capacity building levy. This was contrary to Paragraph 3(1) of Legal Notice 206 of the Levy Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of 0.03% of the value of the signed contract, exclusive of applicable taxes.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of a Credit Policy

The Company did not have an approved Credit Policy to guide on the extension, management and collection of debts. As a result, there was no formal framework outlining credit terms, credit approval procedures, debt collection processes and management of credit risk.

In the circumstances, the effectiveness of internal controls on debt collection of the Company could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on page xxvi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 25 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 Board of Directors

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

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

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

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

The Board of Directors 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

18 December, 2025

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

13. Statement of Profit of loss and other comprehensive income for the year ended 30 June 2025

	Note	2024-2025
		Kshs
Revenue		
Operating Revenue	6	2,176,857
Grants Income	7	5,000,000
Total Revenue		7,176,857
Expenses		
Staff Costs	8	1,387,822
General and Operations expenses	9	3,178,372
Board Expenses	10	548,000
Maintenance Expenses	11	284,460
Depreciation and Amortization expenses	12	106,320
Total Expenses		5,504,974
Profit/(Loss) Before Taxation		1,671,882
Income Tax Expense/(Credit)	13	501,565
Total Comprehensive Income for The Year		1,170,318

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

	Note	2024-2025
		Kshs
Assets		
Non-current assets		
Property, plant and equipment	15	456,880
Total non-current assets		456,880
Current assets		
Trade and receivable	16	2,176,857
Bank and cash balances	17	434,873
Total non-current assets		2,611,730
Total Assets		3,068,610
Equity and liabilities		
Capital and Reserves		
Ordinary share capital	18	100,000.00
Retained earnings	21	1,170,318
Capital and Reserves		1,270,318
Non-current liabilities		
Lease liability		-
Total non-current liabilities		-
Current liabilities		
Trade and other payables	22	1,798,292
Total current Liabilities		1,798,292
Total Equity and Liabilities		3,068,610

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

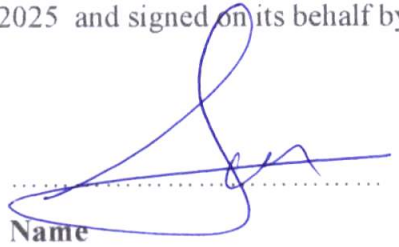
The financial statements were approved by the Board on..... 2025 and signed on its behalf by:


.....
Name
Managing Director


MANAGING DIRECTOR
TURKANA COUNTY RURAL WATER SERVICES PLC
P. O. Box 62-30500 LODWAR
Sign:.....


.....
Name
Head of Finance
ICPAK MNO:33728


TURKANA COUNTY RURAL WATER SERVICES PLC
CONSTRUCTION MANAGER
08 DEC 2025
TURKANA COUNTY RURAL WATER SERVICES PLC
P. O. Box 62-30500 LODWAR


.....
Name
Chairman of the Board

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Description	Notes	Ordinary share capital	Retained earnings	Total
As at July 1, 2023	18	100,000	-	100,000
Profit for the year		-	-	-
As at June 30, 2024		100,000	-	100,000
				-
As at July 1, 2024		100,000	-	100,000
Profit for the year		-	1,170,318	1,170,318
At June 30, 2025		100,000	1,170,318	1,270,318

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Statement Of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025
		Kshs
Cash Flows from Operating Activities		
Receipts		
Operating Receipts	6	629,000.00
Grants Income	7	2,500,000.00
Total Receipts		3,129,000.00
Payments		
Staff Costs		290,430.00
General And Operation Expenses		744,837.00
Board Expenses		548,000.00
Maintenance Expenses		597,660.00
Total Payments		2,180,927.00
Net Cash From/ (Used In) Operating Activities	24	948,073.00
Cash Flows from Investing Activities		
Purchase Of Property, Plant And Equipment (PPE)		(513,200.00)
Net Cash From/ (Used In) Investing Activities		(513,200.00)
Cash Flows from Financing Activities		
Proceeds From Issues of New Share Capital		-
Net Cash From/(Used In) Financing Activities		-
Increase/(Decrease) In Cash and Cash Equivalents		434,873.00
Cash And Cash Equivalents At Beginning of Year		-
Effects Of Foreign Exchanges Rate Fluctuations		-
Cash And Cash Equivalents At End of the Year		434,873.00

TURKANA-COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

17. **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
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*						
Receipts						
Operating Revenue	1,700,000	-	1,700,000	629,000	1,071,000	37%
Grants	5,000,000	-	5,000,000	2,500,000	2,500,000	50%
Total Receipts	6,700,000	-	6,700,000	3,129,000	3,571,000	47%
			-		-	
Payments			-		-	
Staff Costs	1,340,000	-	1,340,000	290,430	1,049,570	22%
Board Expenses	500,000	-	500,000	548,000	(48,000)	110%
General and operations Expenses	2,675,560	-	2,675,560	744,837	1,930,723	28%
Maintenance	85,000	-	85,000	597,660	(512,660)	703%
Depreciation and Amortization	89,440	-	89,440	-	89,440	0%
Total Recurrent Expenditure	4,690,000	-	4,690,000	2,180,927	2,509,073	47%
Total Payments						
Capital Expenditure Payments	2,010,000	-	2,010,000	513,200	1,496,800	26%
Surplus	-	-	-	434,873		

Budget notes

- The under realization of operating revenue by 37% is due to inability to onboard other commercially viable Water scheme due resistance from as section of community members.

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

- The under realization of grant income by 50% is due to late disbursement of funds.
- The under realization Staff cost by 22% was is due to inability to onboard commercially viable scheme .
- The under realization of General and operations Expenses by 28% is due to late disbursement of Funds.
- The over realization of Maintenance costs by 703% is due repair old dilapidated water infrastructure from the handed over rural water schemes.
- The under realization of Capital expenditure by 26% is due to late disbursement of funds.

18. Notes To the Financial Statements

1. General Information

Turkana County Rural Water Services Company Ltd is established by and derives its authority and accountability from Water Act. The Company is wholly owned by Turkana County Government and is domiciled in Kenya. The Company's principal activity is sales of water. 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 Notes.

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

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

TURKANA COUNTY RURAL WATER SERVICES PLC
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: i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event	1 January 2026

**TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

Title	Description	Effective Date
	does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	

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

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

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

**TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

Title	Description	Effective Date
	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	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

TURWASCO 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
Water & Sewer Infrastructure	10	10%
Computers and related equipment	3.3	30%

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. ^(b)

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). (Whichever is applicable).

k) Quoted investments

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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.

Summary of Accounting Policies

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 weighted average cost method/ FIFO (Whichever is applicable). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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 is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page xxx of this report.

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.

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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 has not yet started operating a defined contribution 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. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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 xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. (Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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Notes to the financial statements (continues)

6. Operating Revenue

Description	2024-2025
	Kshs
Water sales	2,176,857
Total	2,176,857

7. Grants Income

Description	2024-2025
	Kshs
Operational grants from Government entities	5,000,000
Total	5,000,000

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 during the year KShs
Ministry of Water Services Department	5,000,000	-	-	5,000,000
Total	5,000,000	-	-	5,000,000

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8. Staff Cost

Description	2024-2025
	Kshs
Gross Salary and Allowances	1,337,822
Casual workers' Wages	50,000
Total	1,387,822
The average number of employees during the year	18

9. General and Operations Expenses

Description	2024-2025
	Kshs
Fuel, oil, lubricants, and gases	341,000.00
Office supplies	642,220.00
Telecommunication	10,000.00
Hire of Equipment and vehicles	225,000.00
Domestic Traveling and subsistence	427,000.00
Staff training and development	100,000.00
Bank Charges	11,238.00
Publicity and advertising	445,900.00
Audit fees	163,800.00
Provision for doubtful debts	544,214.00
Hospitality expenses	268,000.00
Total	3,178,372.00

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Notes to the financial statements (continues)

10. Board Expenses

Description	2024-2025
	KShs
Sitting allowances	477,000.00
Travel and accommodation	31,000.00
Other allowances	40,000.00
Total Board Expenses	548,000.00

11. Maintenance Expenses

Description	2024-2025
	Kshs
Infrastructural networks	112,780.00
Motor vehicles	171,680.00
Total Maintenance Expenses	284,460.00

12. Depreciation and Amortization Expenses

Description	2024-2025
	KShs
Property, plant, and equipment	106,320.00
Total Depreciation and Amortization	106,320.00

Notes to the financial statements (continues)

13. Earnings Per Share

There were no ordinary shares issued during the year. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

14. Dividend Per Share

The articles of association does not allow payment of dividends per Share. The profits are ploughed back to the company

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15. 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
Depreciation rate		%	10%	%	%	30%		%	
As At 1 July 2023	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
As at 30 th June 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	313,200	-	-	250,000	-	-	563,200
As at 30 th June 2025	-	-	313,200	-	-	250,000	-	-	563,200
Depreciation And Impairment									-
At 1 July		-	-	-	-	-	-	-	-
Depreciation		-	31,320	-	-	75,000	-	-	106,320
As At 30 th 2025		-	31,320	-	-	75,000	-	-	106,320
As at 30 th June 2025	-	-	281,880	-	-	175,000	-	-	456,880

Valuation

Land and buildings, etc were valued by independent valuer on on basis of valuation. These amounts were adopted.

15.(b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Water & Sewer Infrastructure	313,200	31,320	281,880
Computers and related equipment	250,000	75,000	175,000
	563,200	106,320	456,880

16. (a) Trade and Other Receivables

Description	2024-2025
	KShs
Trade receivables (note (29a))	2,176,857
Net trade and other receivables	2,176,857
Analysed as:	
Short- Term Trade and Other Receivables	2,176,857
Long- Term Trade and Other Receivables	-

As at June 30, the ageing analysis of the gross trade receivables was as follows:

Description	2024-2025
	Kshs
Gross trade receivables	2,721,071
Provision for doubtful receivables	544,214
Net trade receivables	2,176,857
Less than 30 days	356,057
Between 30 and 60 days	370,800
Between 61 and 90 days	490,000
Between 91 and 120 days	460,000
Over 120 days	500,000
Total	2,176,857

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16. (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2023-2025
	KShs
At the beginning of the year	-
Additional provisions during the year	544,214
Recovered during the year	-
Written off during the year	-
At the end of the year	544,214

17. Bank and Cash Balances

Description	2024-2025
	Kshs
Cash at bank	434,873
TOTAL	434,873

Detailed analysis of the cash and cash equivalents

Description		2024-2025
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial Banks (KCB)	1,333,316,191	89,697
Kenya Commercial Banks (KCB)	1,333,259,298	224,614
Equity bank	0990285738397	120,562
Grand total		434,873

Notes to the financial statements (continued)

18. Ordinary Share Capital

Description	2024-2025
	Kshs
Authorized:	
100 ordinary shares of Kshs. 1,000 par value each	100,000

19. 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.

20. 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.

21. Retained Earnings

The retained earnings represent amounts available for distribution to the TURWASCO shareholders. Undistributed retained earnings are utilised to finance the TURWASCO business activities.

	Notes	Ordinary share capital	Retained earnings	Total
As at July 1, 2023		100,000	-	100,000
Profit for the year		-	-	-
As at June 30, 2024		100,000	-	100,000
				-
As at July 1, 2024		100,000	-	100,000
Profit for the year		-	1,170,318	1,170,318
At June 30, 2025		100,000	1,170,318	1,270,318

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Notes to the financial statements (continued)

The entity also 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 Kshs. per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Pension Fund. Employees contribute 2% while employers contribute 2% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

22. Trade and Other Payables

Description	2024-2025
	Kshs
Trade payables	700,900
Accrued expenses	-
Employee payables	1,097,392
Total	1,798,292

Aging Analysis for Trade and other Payables

Description	2024-2025	% of the total
Under one year	1,798,292	100%
Total	1,798,292	

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Notes to the financial statements (continued)

23. Taxation

Description	2024-2025
	Kshs
At beginning of the year	-
Income tax charge for the year	-
Under/(over) provision in prior year/s	-
Income tax paid during the year	(-)
At end of the year	-

24. Notes to The Statement of Cash Flows

	2024-2025
	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations	
Profit or loss before tax	1,170,318
Depreciation	106,320
Accrued expenses	50,000
Operating profit/(loss) before working capital changes	1,326,638
Working capital changes:	
(Increase)/decrease in trade and other receivables	2,176,857
Increase/(decrease) in trade and other payables	1,798,292
Net Cash generated from/ (used in) operation	948,073

Notes to the financial statements (continued)

Other Disclosures

25. Related Party Disclosures

County Government of Turkana

The County Government of Turkana is the principal shareholder of the Company, holding 100% of the Company's equity interest. The County of Government of Turkana 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 Turkana
- 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	2024-2025
	Kshs
a) Grants from the Government	
Grants from County Government	5,000,000
Total	5,000,000

26. Capital Commitments

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

27. Financial Risk Management

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set 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:

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	Total amount	Fully performing	Past due but not Impaired	Past due and Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Receivables	2,176,857	629,000		1,547,857
Bank balances	434,873			434,873
Total	2,611,730	629,000	-	1,982,730
At 30 June 20204				
Receivables	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Credit Risk

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

The board of directors sets has not set 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

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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
At 30 June 2025				
Trade payables	1,798,292			1,798,292
Total	1,798,292	-	-	1,798,292
At 30 June 2024				
Trade payables	-	-	-	-
Total	-	-	-	-

(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 no 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.

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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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
Euro	10%	-	-
USD	10%	-	-

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

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observable market data when available. The 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.

Notes to the financial statements (continued)

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. The Company's capital structure comprises of the following funds:

	2024-2025
	Kshs
Retained earnings	1,170,318
Total funds	1,170,318
Total borrowings	-
Less: cash and bank balances	434,873
Net debt/ (excess cash and cash equivalents)	735,445

28. Incorporation

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

29. Events After the Reporting Period

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

19. **Appendices**

Appendix I: progress on follow up of auditor recommendations.

There were no prior year audit matters.

Name: Samuel Ekara Njorani

Signature: 

Managing Director

Date: 8/12/2025



Appendix II: Projects Implemented by the Company

Projects

TURWASCO had no Projects implemented by the Company Funded by development partners.

TURKANA COUNTY RURAL WATER SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Appendix III: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	30.01.2025	Recurrent	2,500,000	2,500,000	-	-	-	-	2,500,000
Ministry/County department of Water	07.07.2025	Recurrent	2,500,000	2,500,000	-	-	-	-	2,500,000
Total	-	-	5,000,000	-	-	-	-	-	5,000,000