

REPUBLIC OF KENYA



REPORT

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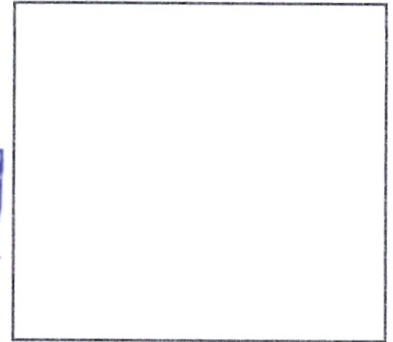
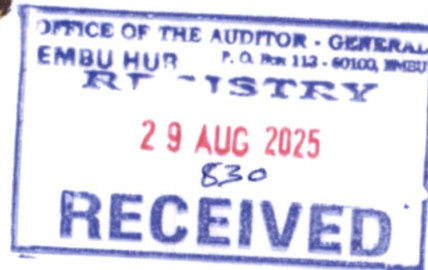
ON

MWANGATHIA VOCATIONAL TRAINING CENTRE

FOR THE YEAR ENDED 30 JUNE, 2025

| | |
|---|----------------------|
|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 08 APR 2026 | DAY: wed |
| TABLED BY: | Hon. Samuel Cheptoyo |
| CLERK-AT-THE-TABLE: | mecho |

Revised 30th June 2025



MWANGATHIA VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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Acronyms and Definition of Key Terms

| | |
|-------|--|
| BOM | Board of Management |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| VTC | Vocational Training College |

2. Key Entity Information and Management

(a) Background information

Mwanganthia Vocational Training Centre was established in 2020 under the Technical and Vocational Education and Training (TVET) Act. It operates under the Department of Education, Meru County Government.

The institution was initially founded in 2016 by a Community-Based Organization (CBO) called Usafi Gardening and Environmental Training Institute, which focused on landscaping and beautification skills. Later, it was transitioned to the Ministry of Education to align with national education reforms aimed at enhancing the quality and accessibility of vocational training.

Located in Mwanganthia Ward, Imenti Central Sub-County, the institution admits both male and female students each term from the local area and beyond.

(b) Principal Activities

The core mandate of Mwanganthia VTC is to equip trainees with life-sustaining technical skills that promote national growth and self-reliance.

Vision:

To be a model institution in the region, offering quality skills.

Core Values:

1. Integrity and Ethics
2. Teamwork
3. Creativity and Innovation
4. God First

Motto: *Problem Solved, Future Formed*

(c) Key Management

The entity's day-to-day management is under the following key organs:

- Board of Management, etc.
- Accounting Officer/ Principal/Manager
- Management...;

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

| SN | Name | Designation |
|----|----------------|--------------------------|
| 1 | Francis Gituma | Principal / Manager |
| 2 | Gloria Gakii | Deputy Principal Manager |

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

| Committee | Function | Chair / Lead |
|------------------------|---|-----------------------------|
| Audit & Risk Committee | Reviews audit reports, monitors risks, ensures compliance | Munene Kaburu |
| Financial & Operations | Oversees budget, approves procurement plans, monitors asset utilization | Francis Gituma |
| Academic Affairs | Ensures curriculum implementation and quality training | Gloria Gakii |
| Development Committee | Oversees implementation of development projects | Titus Mutai (Vice Chair) |

(f) Entity Headquarters

P.O. Box 56-60602
MERU-MAUA ROAD
NKUBU, KENYA

(g) Entity Contacts

Telephone: 0728 015 857
E-mail: francisgkimathi@gmail.com

(h) Entity Bankers

Other Commercial Bank

Kenya Commercial Bank

A/C: 1332810365

A/C: 1334975175

NKUBU BRANCH

(i) Independent Auditors



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





Key Entity Information and Management (Continued)

(j) Principal Legal Adviser

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



3. The Board of Management

| MEMBER DIRECTOR | DETAILS |
|--|--|
|  <p>Name : Munene Kaburu Academic: Diploma in Electrical Installation Profession : Electrician/Contractor</p> | <p>Position : Chairman</p> |
|  <p>Name : Titus Mutai Academic: Diploma in Electrical Installation Profession : Electrician/Business Man</p> | <p>Position: Vice Chairman</p> |
|  <p>Name : Martina Marangu Academic: Diploma in Agriculture Profession : Agriculturist (Retired)</p> | <p>Position : 3rd Signatory</p> |
|  <p>Name : Japhet Mwamba Academic: Diploma in Theology Profession : Minister Bishop</p> | <p>Position: Member</p> |



| | |
|--|--------------------------|
|  <p>Name : Solomon Muriira Academic: Diploma in Range Management Profession : Animal Attendant</p> | <p>Position: Member</p> |
|  <p>Name : Josphat Mutembei Academic: Form 4 Profession : Business man</p> | <p>Position: Member</p> |
|  <p>Name : Lucy Karimi Academic: Certificate in Landscaping & beautification of space Profession : Landscaper</p> | <p>Position: Member</p> |
|  <p>Name : Shadrack Bundi Academic: Certificate in landscaping & beautification of spaces Profession : Landscaper</p> | <p>Position : Member</p> |

MWANGATHIA VTC

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

| | |
|--|--------------------------|
|  Name : Monica Nyamu Academic: Form 4 Profession : Catechist | Position: Member |
|  Name : Francis Gituma Academic: Diploma in General Agriculture Profession : Agriculturist /Instructor | Position: B.OM Secretary |

4. Key Management Team

| SN | Name | Designation |
|----|---|--------------------------|
| 1 |  Francis Gituma | Principal / Manager |
| 2 | Gloria Gakii  | Deputy Principal Manager |

5. Chairman's Statement

I am pleased to present the Annual Report and Financial Statement of Mwanganthia Vocational Training Centre for the year ended 30th June 2025.

As TVET programs grow nationally, institutions like Mwanganthia VTC are responding to evolving market needs. This year, we achieved the following:

- Participated in county VCT Ball Games
- Purchased essential teaching tools and equipment
- Sustained trainees despite numerous challenges

We appreciate government capitation and bursaries which allowed us to purchase training tools and equipment. However, challenges remain:

- Inadequate infrastructure
- Lack of government-employed trainers

I sincerely thank the Board for their continued support, especially before the capitation disbursement. The Board remains committed to advancing the institution and collaborating with stakeholders and well-wishers.

We look forward to increased support to continue offering quality skills training.



Munene Kaburu

Chairperson, Board of Management



6. Report of the Principal/Manager

I hereby submit the annual report and financial statement for the year ending 30th June 2025.

Despite reduced enrolment due to delays in capitation, the institution continued training in various technical fields. With teaching tools and equipment now available, we expect the enrolment to grow in the coming year.

Key Challenges:

- Inadequate infrastructure
- Unreliable water supply
- Low or delayed school fee payments
- Lack of government trainers
- Inadequate modern machines

We request government support to help resolve these issues and enable us to fulfill our mission of providing market-relevant, hands-on vocational training.



Francis Gituma

Principal / Manager



7. Statement of Performance against Predetermined Objectives

Mwangathia Vocational Training Centre has one strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2023- FY 2030.

Mwangathia Vocational develops its annual work plans based on the above 2 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Mwangathia vocational training centre achieved its performance targets set for the FY 2023/30 period for its two strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------------|---|----------------------------|---|-----------------------|
| Pillar/theme/issue 1 | To provide adequate physical facilities | • | <ul style="list-style-type: none"> • Construction of the boys' dormitory • Building administration , sanitation block • Expand the dining hall • Construction of additional masonry shade | |
| Pillar/theme / issue 2 | To mobilize resources | Writing properties | Lobby the government and | • Received capitation |

| | | | | |
|--|--|--|---|---|
| | for institutional developmen t and improvemen t | | non- government organization for funding | from the governmen t to buy machine and equipment 's |
|--|--|--|---|---|

8. Corporate Governance Statement

Mwangathia VTC is governed by a Board of Management (BOM) constituted according to the TVET Act of 2013. The BOM provides leadership in policy development, planning, and strategic execution to ensure the institution fulfills its mandate.

Board Composition:

- Chairperson – Special Interest
- Youth Representative
- Community Representative
- Religious Representative
- Special Needs Representative
- Industry/Commerce Representative

The BOM meets quarterly, with provisions for special meetings when necessary. Key committees under the board include:

1. Finance & Operations Committee
2. Audit & Risk Committee
3. Governance Committee

Board members undergo induction and periodic performance evaluation.

9. Management Discussion and Analysis

The Board of Governors (BOG) of Mwangathia Technical Training Institute has remained highly supportive to management, fulfilling its oversight role both directly and through various specialized BOG committees. The management team is led by the Chairperson, supported by the Principal in charge of organization overall organizational oversight, the deputy principal, trainees, Head of Guidance and Counselling, student council, and a competent team of non-academic professionals, including the organization non staff members.

Throughout the year, the Institute maintained smooth operations, with teaching and training activities running uninterrupted for all four quarters. The management placed emphasis on efficiency, accountability, and compliance with all legal and regulatory frameworks, including the TVET Act 2013, Education Act 2024, Public Finance Management Act 2024, and their respective regulations.

Operational and Financial Performance

During the financial year, the Institute recorded steady operational progress with decreased enrolment it only maintained student retention rates.

Expenditure was managed in line with approved budgets, resulting in the successful completion of key capital projects and improvement in service delivery

Compliance with Statutory Requirements

The Institute complied fully with all statutory obligations during the period. All taxes, SHA, NSSF, and other employee statutory deductions were remitted promptly. Annual reports were submitted to relevant oversight bodies within stipulated deadlines, and procurement processes adhered to the Public Procurement and Asset Disposal Act.

Major Risks and Mitigation Measures

Key risks faced by the Institute included:

- **Institutional Risk:**
Unclear policies and weak internal control structures posed risks to effective governance and decision-making. This was mitigated through strengthening institutional frameworks, enhancing accountability mechanisms, and ensuring adherence to established policies and procedures.
- **Market Competition:** Addressed through program diversification and targeted marketing to attract more trainees.

- **Technological Changes:** Managed through regular staff training and upgrading of ICT facilities.

Other Relevant Information

The Institute actively engaged in community outreach programs, including offering short courses to local youth, participating in environmental conservation drives, and supporting local schools with technical assistance.

10. Environmental And Sustainability Reporting Statement

i. Sustainability strategy and profile

Mwangathia Vocational Training Centre exists to transform lives through skills development, empowerment, and community engagement. This is our purpose, the driving force behind everything we do. It guides our strategy, which is anchored on sustainability, inclusion, and excellence in vocational training. Below is a summary of our sustainability achievements for the year.

Sustainability Strategy and Profile

Mwangathia Vocational Training Centre is a learning institution under the County Department for Education, established under the TVET Act, 2013, and domiciled in Kenya. In our mission to produce competent and employable graduates, the institution continues to align operations with the Ministry of Education guidelines, TVET regulations, and national development priorities.

The institution recognizes the community as a key partner in its growth and sustainability. We have actively engaged the community through awareness campaigns on TVET programs, and the facilitation of bursaries through the Constituency Development Fund (CDF). We have also maintained close collaboration with stakeholders and community leaders to support our programs, attend community meetings, and sustain financial assistance for needy students.

Mwangathia Vocational Training Centre maintains strong linkages with industry partners to facilitate industrial attachments, internships, and job placements for trainees. This engagement ensures that training remains relevant to labor market demands and that industry expectations are met through continuous feedback.

We are committed to benchmarking with other training institutions both locally and nationally. Partnerships with peer institutions and participation in workshops, seminars, and training sessions have been vital in enhancing staff capacity and fostering progressive growth.

Our sustainability agenda is aligned with the United Nations Sustainable Development Goals (SDGs), particularly Goal 4 (Quality Education), Goal 8 (Decent Work and Economic Growth),

and Goal 13 (Climate Action). The institution has initiated environmental awareness activities, energy conservation practices, and waste management sensitization within the institution.

Environmental Performance

During the reporting period, Mwangathia Vocational Training Centre implemented measures to improve environmental sustainability, including:

- Energy efficiency initiatives such as the installation of energy-saving bulbs and promoting electricity conservation practices among staff and students.
- Masonry students can embrace environmental measures by using eco-friendly and locally sourced building materials, minimizing water wastage during construction, recycling construction waste such as broken blocks or concrete, and controlling dust to reduce air pollution. They can also restore construction sites by planting vegetation and ensuring that the surrounding environment is not degraded during and after the building process.
- Waste reduction programs through segregation, recycling, and responsible disposal of non-biodegradable waste.
- Fashion students can contribute to environmental conservation by choosing sustainable and organic fabrics, reusing and upcycling clothing items, and minimizing fabric waste through careful pattern cutting. They should also opt for eco-friendly dyes and promote slow fashion practices that encourage longer-lasting, high-quality clothing rather than fast, disposable trends, thereby reducing textile waste
- Food and beverage students can adopt sustainable measures by reducing food waste through proper portioning, storage, and preservation methods. They should source ingredients locally and seasonally to reduce the carbon footprint from transportation, avoid single-use plastics by opting for reusable packaging, conserve water in food preparation and cleaning, and compost organic waste to create natural fertilizers instead of sending it to landfills.

We remain committed to continuous improvement in environmental management and to integrating sustainability into all aspects of institutional operations.

ii. Environmental performance

Mwangathia Vocational Training Centre is committed to minimizing its environmental footprint and advancing sustainable practices in all its operations. We continually seek ways to improve our environmental performance and introduce initiatives that will further reduce our impact on the environment. Our commitment includes:

- (a) Complying with all relevant environmental regulations and standards,
- (b) Preventing pollution whenever possible through responsible practices,
- (c) Training all staff on our environmental programs and empowering them to actively contribute and participate,
- (d) Communicating our environmental commitments and achievements to staff, students, partners, and the wider community.

iii. Challenges and the possible solution

In an institutional setting, all students face environmental challenges that affect sustainability efforts. Common issues include the **high cost and limited availability of eco-friendly materials**, whether in construction, metalwork, or fabric sourcing. There is also **high-energy consumption** in workshops, particularly in welding, and **exposure to harmful fumes** due to inadequate ventilation. In fashion, **fast fashion pressures and reliance on synthetic fabrics** make sustainable practices harder to adopt, while in the food and beverage department, **food wastage, reliance on imported ingredients, and single-use plastics** remain pressing concerns. A lack of environmental awareness and proper waste management systems compounds these issues across departments.

To address these challenges, the institution can implement **practical, collaborative solutions**. Training programs should integrate **environmental sustainability modules** for all courses, promoting awareness of green practices. The school can partner with **local suppliers** to provide affordable and eco-friendly materials, whether for building, welding, or garment making. Workshops can be upgraded with **energy-efficient equipment** and proper fume extraction systems, while fashion students can be encouraged to use **natural dyes and**

recycled fabrics. The food and beverage department can adopt **portion control, local sourcing, and biodegradable packaging** to reduce waste. Additionally, the institution can establish a **centralized waste segregation and recycling system** to ensure that metal scraps, fabric remnants, and food waste are properly managed. By fostering cross-department collaboration, the institution can create a culture of sustainability that benefits both students and the wider community.

iv. Employee welfare

The institution upholds fair and transparent hiring policies that ensure equal opportunity for all applicants, with deliberate efforts to promote gender balance, youth inclusion, and the employment of persons with disabilities (PWDs). Stakeholder engagement is an integral part of the policy review process, with periodic updates conducted to align with emerging needs and best practices.

Staff development is prioritized through continuous training programs, structured career growth opportunities, performance appraisals, and reward systems aimed at motivating and retaining talent.

The institution is fully compliant with the Occupational Safety and Health Act (OSHA, 2007) and current health regulations, maintaining a safe and healthy work environment for all employees. All staff members are covered under the Social Health Authority (SHA) medical scheme, ensuring access to quality healthcare services.

Workplace safety measures, regular inspections, and awareness programs are in place to minimize the risk of injuries. Any incidents are thoroughly reviewed, and corrective measures are implemented to prevent recurrence.

v. Marketplace practices

a) Responsible Competition Practice

Our institution promotes fair competition through open tendering, respect for competitors, and

strict anti-corruption measures. We use service charters, automated self-service systems, cashless payments, and public sensitization to improve service delivery.

b) Responsible Supply Chain & Supplier Relations

We honor contracts, make timely payments, and use competitive procurement to ensure fairness and strong relationships with suppliers.

c) Responsible Marketing & Public Engagement

We provide accurate and clear information, avoid false or misleading claims, and respect diversity. Engagement is done through regular auditing in the staff meetings that are held after two months

d) Product Stewardship & Awareness Creation

We protect the health, safety, and rights of our staff and clients. We provide adequate service information, safeguard privacy, and ensure access to dispute resolution. All employees are covered under the current SHA medical cover for comprehensive health protection.

vi. Corporate Social Responsibility / Community Engagements

During the reporting period, our CSR activities focused on initiatives directly aligned with our core mandate. These included community partnerships that enhanced service delivery, capacity building, and public awareness. We engaged stakeholders through forums, training, and outreach programs that promoted sustainability and improved livelihoods. All CSR efforts were designed to create mutual benefits for the institution and the community, ensuring measurable social impact

11. Report of the Board of Management

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Mwangathia Vocational Training Centre's affairs.

Principal activities

A. The principal activities of the entity during the year under review were:

- (a) Delivering tertiary-level education in technical and vocational training fields.
- (b) Developing curricula appropriate for various manpower categories through careful selection of syllabi recognized by the Ministry of Education (MoE) and aligned to labour market requirements.
- (c) Strengthening linkages with industry and other institutions to promote quality training and practical skill development.
- (d) Promoting entrepreneurial skills and culture among staff and students.
- (e) Conducting applied research to address local development needs.
- (f) Undertaking income-generating activities through production, consultancy, tailored short courses, in-service programs, and provision of hospitality services to support government programs and generate revenue.
- (g) Fostering spiritual growth, teamwork, and community engagement among staff and students.

Results

The financial results for the year ended 30th June 2025 are presented on pages 1–37 of this report.

Board of Management

The members of the Board who served during the year are shown on page vii-xi. During the year 11 director retired and to fill the gap 11 members were appointed with effect from June 2025.

MWANGATHIA VTC

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

Auditors

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

By Order of the Board



FRANCIS G. I. UMA

Secretary of the Board

Date: 27/08/2025



12. Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and Technical and Vocational Education and Training (TVET) Act, 2013 require the Board of Management to prepare financial statements in respect of that Mwangathia Vocational Training centre, which give a true and fair view of the state of affairs of the Mwangathia vocational Training Centre at the end of the financial year/period and the operating results of the VTC for that year/period. The Board of Management is also required to ensure that the VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. Mwangathia Vocational Training Centre. The Board of Management is also responsible for safeguarding the assets of the Mwangathia Vocational Training Centre.

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

The Board of Management accepts responsibility for the Mwangathia Vocational Training Centre's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and state corporate Act and TVET Act. The Board of Management are of the opinion that the Kianja's financial statements give a true and fair view of the state of Mwangathia's transactions during the financial year ended June 30, 2025, and of the Mwangathia Vocational Training Centre's financial

MWANGATHIA VTC

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

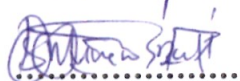
position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the Mwangathia Vocational Training Centre, which have been relied upon in the preparation of the Mwangathia's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal/Manager has assessed the Mwangathia Vocational Training Centre's ability to continue as a going concern. There are no material uncertainties that may cast significant doubt on the institution's ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the Mwangathia will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Mwangathia Vocational training centre financial statements were approved by the Board on

27/08 2025 and signed on its behalf by:



Name DAVID MUMEME KABURU

Chairperson of the Board



Name FRANCIS GITUMA

Principal/Manager



REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MWANGATHIA VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mwangathia Vocational Training Centre set out on pages 1 to 28, which comprise of statement of financial position as at 30 June, 2025, statement of financial performance, the statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mwangathia Vocational Training Centre as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Fees from Students

The statement of financial performance reflects total revenue amount of Kshs.3,048,530, included is an amount of Kshs.1,152,530 in respect of fees from students as disclosed in Note 2 to the financial statements. However, the revenue generated from students' fees was not supported by relevant documentation including approved fee schedules, detailed student registration records, student invoices and general ledgers.

In the circumstances, the validity, accuracy, and completeness of the revenue recorded could not be confirmed.

2. Unsupported Accounts Receivables

The statement of financial position reflects accounts receivable balance of Kshs.1,006,180 as disclosed in Note 6 to the financial statements. However, the supporting schedules, detailed ageing analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy and completeness of accounts receivable balance could not be confirmed.

3. Undisclosed Value and Lack of Ownership Documents

Review of documents provided for audit revealed that the Centre operated on a 0.82 ha piece of land. However, the land and ownership documents of the official residence of the Institution were not provided for audit. In addition, the value of property plant and equipment was not disclosed in the financial statements.

In the circumstances, Nil balance in respect to non-current assets and land ownership could not be confirmed.

4. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,830,180 as disclosed in Note 5 to the financial statements. Included in this

balance are Kenya Commercial Bank (KCB) bank grant and operation account balances of Kshs.1,830,158 and Kshs.22 respectively. However, the bank balances were not supported by cash books, and bank reconciliation statements.

In the circumstances, the accuracy of the cash and cash equivalent balance of Kshs.1,830,180 could not be confirmed.

5. Unsupported Payments

The statement of financial performance reflects use of goods and services balance of Kshs.69,170 as disclosed in Note 3 to the financial statements. However, examination of payment vouchers amounting to Kshs.63,600 in respect of local travel revealed that Management made payments without proper support documents such as invoices, receipts, bills, and work tickets showing the mode of travels and claim forms.

In the circumstances, the expenditure amount of Kshs.63,600 could not be confirmed as proper charge to public funds.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.3,048,530 and Kshs.2,042,350 respectively, resulting to an under-funding of Kshs.1,006,180 or 33% of the budget. However, the Institution spent a balance of Kshs.212,170 against actual receipts of Kshs.2,042,350 resulting to an under-utilization of Kshs.1,830,180 or 89.6% of actual receipts.

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

My opinion is not modified in respect of this matter.

Other Information

The Board of Management is responsible for the Other Information set out on page iii to xxvi which comprise of Key Entity Information and Management, The Board of

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Mandatory Registration Requirements Under the Data Protection Act

Review of compliance with the Data Protection Act, 2019 revealed that Mwangathia Vocational Training Centre had not registered with the Office of the Data Protection Commissioner (ODPC) as a data controller or data processor, despite collecting and processing personal data of trainees and staff. Failure to register contravenes Section 18(1) of the Act, which requires all entities that meet the prescribed thresholds to be duly registered before processing personal data.

In the circumstances, the Centre was not compliant with mandatory registration requirements under the Data Protection Act.

2. Non-Compliance with TVET Act Requirements on Institutional Accreditation and Registration

Review of compliance with the Technical and Vocational Education and Training (TVET) Act revealed that the Vocational Training Centre has been operating with an expired Institutional license and registration certificate. This contravenes Section 17(1) and (3) of the TVET Act, 2013 which require all institutions to be accredited, licensed, and registered

before offering training programmes, and prohibit mounting of any course without prior approval by the Board.

In the circumstances, Management was in breach of law.

6. Non-Compliance to Remittance of Statutory Deductions

Examination of the Institutions statutory deductions revealed no deductions were not made from any of the contracted BOM employees. The employees were eligible for statutory deductions such as SHA, Staff housing levy, NSSF. This was contrary to Section 19(4) of the Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with Subsection (1)(a), (f), (g) and (h) should pay the amount so deducted in accordance with the time period and other requirements specified in the law.

In the circumstances, Management was in breach of law.

7. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

Review of the financial statements presented for audit revealed the following issues;

- i. Section on appendices was not evidenced on Table of Contents
- ii. Unwanted references on the table of contents i.e., pg. 23,24,25,26,27
- iii. Pg. vii on Board of Management does not indicate the concise description of each Board member
- iv. Wrong citation of the Public Finance Management Act 2012 on pg. xv Corporate Governance Statements
- v. Page xxiii on Report of the Board of Management refers to pages where the members of the board who served during the year to be page vii-xi instead of Viii-X
- vi. Page xxiii on Report of the Board of Management refers to pages where the financial results are presented to be page 1-37 instead of 1-28
- vii. The date when the financial statement was approved and signed is not indicated on page xxvi
- viii. Current portion of receivables from exchange transactions on statements of financial position was indicated as Note 7 but appeared as Note 6(a) in the notes to the financial statements.
- ix. The section on the name of the accountant and ICPAK No was not completed in statement of financial position and statement of financial performance.

In the circumstances, Management was in breach of issued guidelines.

8. Non-Compliance with the Public Procurement Capacity Building Levy Order, 2023

Review of records revealed that the College entered into contracts but no documentary evidence has been provided to confirm that the Entity complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states 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 zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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, based on the audit procedures performed, except for the effect of the matters 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

1. Lack of Internal Audit Function and Audit Committee

During the year under review, the Institution had not constituted an Audit Committee and an Internal Audit Unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a County Government entity to assess effectiveness of the Polytechnic through an internal performance appraisal commenting on its effectiveness in the annual report to The County Treasury.

In the circumstances, the Institution lacked the required governance and internal oversight mechanisms necessary to ensure effective internal controls, risk management and accountability.

2. Lack of Approved Staff Establishment

The Management did not have an approved staff establishment contrary to Paragraph B 5(2) of the County Public Service Human Resource Manual, 2013 which states that all vacancies shall be declared in a prescribed format which shall include the number of vacancies, when the vacancy occurred, whether the vacancy is within the authorized establishment and other relevant details. Further, Section B 6(3) states that in the recruitment process, due consideration will be given to appropriate organizational structure in each Department, optimal staffing levels, schemes of service and career progression guidelines.

In the circumstances, it was not possible to establish if the Vocational Training Centre operated at optimum staffing levels.

3. Failure to Maintain Employee Personal Files and Mandatory Employment Records

Audit review revealed that the Centre failed to maintain comprehensive and up-to-date personal files for its employees. It was therefore, not possible to verify mandatory documentation such as copies of appointment letters, academic and professional certificates, personal identification records (e.g., ID cards, PIN), performance appraisals, and signed contracts.

Further, Management did not provide a staff register showing age, gender and ethnic groups of its human resource. It was therefore, not possible to confirm whether there was gender and ethnic balance and whether there are employees who have achieved the stipulated retirement age and are still in service.

In the circumstances, absence of complete personal files and a comprehensive staff register represents a significant internal control weakness, as the Institution lacks reliable documentation to support human resource management decisions, enforce compliance with statutory requirements, and ensure transparency and accountability in staff administration.

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.

Responsibilities of the Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the College'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 Management is responsible for overseeing the College'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 Centre's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

MWANGATHIA VTC

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

14. Statement of Financial Performance For The Year Ended 30 June 2025

| | | |
|--|---|------------------|
| Revenue from non-exchange transactions | | |
| Transfers from the County Government- Capitation | 1 | 1,896,000 |
| | | 1,896,000 |
| Revenue from Exchange transactions | | |
| Fees from students | 2 | 1,152,530 |
| Revenue from Exchange transactions | | 1,152,530 |
| Total Revenue | | 3,048,530 |
| Expenses | | |
| Use of goods and services | 3 | 69,170 |
| Employee costs | 4 | 143,000 |
| Total Expenses | | 212,170 |
| Net surplus/(deficit) for the year | | 2,836,360 |

(The notes set out on pages 8 to 28 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 28 were signed by:

[Signature]

Name **DAVID MURITHI KIBUKU**
Chairman of Board

Date **27/08/25**

[Signature]

Name **PERPETUAL GATUMBI**
Accountant
ICPAK No 21574

Date **27/8/25**

[Signature]

Name **FRANAS GITUMA**
Principal/Manager

Date **27/08/2025**

MWANGANTHIA VOCATIONAL
TRAINING CENTRE
P. O. Box 96 - 60202
NAKURU
Date: **27/08/2025**

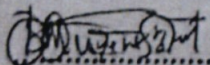
MWANGATHIA VTC

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


15. Statement of Financial Position As At 30th June 2025

| Description | | |
|---|---|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 5 | 1,830,180 |
| Current portion of receivables from exchange transactions | 7 | 1,006,180 |
| Total Current Assets | | 2,836,360.00 |
| Non-Current Assets | | |
| Total Non-Current Assets | | - |
| Total Assets (A) | | 2,836,360 |
| Liabilities | | |
| Current Liabilities | | |
| Total Current Liabilities | | - |
| Non-Current Liabilities | | |
| Non-Current Provisions | | - |
| Finance lease obligation | | - |
| Deferred income | | - |
| Service Concession Arrangements | | - |
| Total non-current liabilities | | - |
| Total Liabilities (B) | | - |
| Net Assets (A-B) | | 2,836,360 |
| Represented By: | | |
| Revaluation Reserves | | |
| Accumulated Surplus | | 2,836,360 |
| Capital Fund | | |
| Total Net Assets | | 2,836,360 |

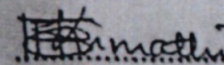
The Financial Statements set out on pages 1 to 28 were signed by:


 Name **DAVID YVETTIE KABUE**
 Chairman of Board

Date **27/8/25**


 Name **PERPETUAL GATWIRA**
 Accountant
 ICPAK No **21574**

Date **27/8/2025**


 Name **FRANCIS GUTUMA**
 Principal/Manager

Date **27/08/2025**

MWANGANTHIA VOCATIONAL TRAINING CENTRE
 P.O. Box 56 - 00207
 NAKURU
 Date **27/08/2025**

16. Statement of Changes in Net Assets For The Year Ended 30 June 2025

| Description | Revaluation reserve | Accumulated Surplus | Capital Grants/Fund | Total |
|---|----------------------------|----------------------------|----------------------------|------------------|
| At July 1, 2024 | - | - | - | - |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 2,836,360 | - | 2,836,360 |
| Capital grants received during the year | - | - | - | - |
| At June 30, 2025 | - | 2,836,360 | - | 2,836,360 |

17. Statement of Cash Flows For The Year Ended 30 June 2025

| Description | Note | 2024/2025 |
|---|------|------------------|
| | | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Transfers from County Government | 1 | 1,896,000 |
| Fees from students | | 146,350 |
| Total Receipts | | 2,042,350 |
| Payments | | |
| Use of goods and services | 3 | 69,170 |
| Employee costs | 4 | 143,000 |
| Total Payments | | 212,170 |
| Net Cash Flows from operating activities | | - |
| | | 1,830,180 |
| Cash flows from investing activities | | |
| Purchase of property, plant, and equipment | | |
| Purchase of intangible assets | | - |
| Proceeds from the sale of property, plant, and equipment | | - |
| Net cash flows used in investing activities | | - |
| Cash flows from financing activities | | |
| Proceeds From Borrowing | | - |
| Repayment of Borrowings | | - |
| Net cash flows used in financing activities | | 1,830,180 |
| | | |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 1,830,180 |
| Cash & Cash equivalents at the beginning (1 st July) | 5 | - |
| Cash & Cash equivalents at the end. (30 th June) | 5 | 1,830,180 |

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

| Description | Original budget | Adjustments | Final Budget | Actual on comparable basis | Performance difference | Utilization Difference |
|--|------------------|-------------|------------------|----------------------------|------------------------|------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| | A | B | C=A+B | D | E=C-D | F=D/C% |
| Budget carryovers from the previous year* | | - | - | - | - | |
| Receipts | | | | | | |
| Transfers from County Government | 1,896,000 | - | 1,896,000 | 1,896,000 | - | 100.00% |
| Fees from students | 1,152,530 | - | 1,152,530 | 146,350 | 1,006,180 | 12.70% |
| Total Receipts | 3,048,530 | - | 3,048,530 | 2,042,350 | 1,006,180 | 66.99% |
| Payments | | | | | | |
| Use of goods and services | 2,258,530 | - | 2,258,530 | 69,170 | 2,189,360 | 3.06% |
| Employee costs | 790,000 | - | 790,000 | 143,000 | 647,000 | 18.10% |
| Total Expenditure | 3,048,530 | - | 3,048,530 | 212,170 | 2,836,360 | 6.96% |
| Capital Expenditure payments | | - | | - | | |
| Surplus | - | - | | 1,830,180 | | |

19. Notes to the Financial Statements

1. General Information

Mwangathia Vocational Training Centre is established by and derives its authority and accountability from the TVET Act, 2013. The entity is wholly owned by the County Government of MERU and domiciled in Tigania west sub-county. The entity's principal activity is to equip student with artisan skills.

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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying Mwangathia 's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Mwangathia Vocational Training Centre. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

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

There are no new standards and interpretations issued in the Financial Year.

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

| Standard | Effective date and impact: |
|---|---|
| IPSAS 43: Leases | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 45: Property Plant and Equipment | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 46: Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. |

MWANGATHIA VTC

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

| | |
|---|--|
| | <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 48: Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 49: Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

iii. Early adoption of standards

MWANGATHIA VTC

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

The Entity did not early adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured

reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

MWANGATHIA VTC

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately).* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Computers 33.3%

Furniture 8%

Motor vehicles 25%

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) 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.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets**Classification**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

l) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The *Entity* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

o) Changes in accounting policies and estimates

The *Entity* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

p) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (*the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies*)

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate.

Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The *Entity* regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

t) Service concession arrangements

The *Entity* 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

v) Comparative figures

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

w) 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 *Entity's* financial statements in conformity with IPSAS 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.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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

1. Transfers from the County Government

| Description | F/Y 2024-2025 |
|-----------------------------------|------------------|
| | Kshs |
| Unconditional Grants | |
| Capitation Grants | 1,896,000 |
| Total unconditional Grants | 1,896,000 |

2. Fees from students

| Description | F/Y 2024-2025 |
|---------------------------------|------------------|
| | Kshs |
| Tuition Fees | 1,152,530 |
| Total Fees from students | 1,152,530 |

3. Use of Goods and Services

| Description | F/Y 2024-2025 |
|--------------------------------|---------------|
| | Kshs |
| Travelling and accommodation | 63,600 |
| Bank charges | 5,570 |
| Total good and services | 69,170 |

4. Employee Costs

| Description | F/Y 2024-2025 |
|-----------------------|----------------|
| | Kshs |
| Salaries and wages | 143,000 |
| Employee Costs | 143,000 |

5. Cash and Cash Equivalents

| Description | F/Y 2024-2025 |
|--|------------------|
| | Kshs |
| Current Account | 1,830,180 |
| Total Cash and Cash Equivalents | 1,830,180 |

5 (a). Detailed Analysis of Cash and Cash Equivalents

| Financial Institution | Account number | F/Y 2024-2025 | F/Y |
|---|----------------|------------------|-----------|
| | | Kshs | 2023-2024 |
| a) Current Account | | | |
| Mwangathia Youth Polytechnic - Grant - KCB | 1334975175 | 1,830,158 | - |
| Mwangathia Youth Polytechnic - Operations - KCB | 1332810365 | 22 | - |
| Sub- Total | | 1,830,180 | - |
| Grand Total | | 1,830,180 | - |

6. Receivables from Exchange transactions

6(a) Current Receivables from Exchange transactions

| Description | F/Y 2024-2025 |
|----------------------------------|------------------|
| | Kshs |
| Current Receivables | |
| Student Debtors | 1,006,180 |
| Total Current Receivables | 1,006,180 |

7. Cash generated from operations.

| | 2024-2025 Kshs |
|--|-------------------|
| Surplus/(Deficit) for the year | 2,836,360 |
| Adjusted for: | |
| Depreciation | - |
| Working Capital Adjustments | |
| Increase in Inventory | - |
| Increase in Receivables | (1,006,180) |
| Increase in payables | |
| Net Cash Flow from Operating Activities | 1,830,180 |

MWANGATHIA VTC
Annual Report and Financial Statements for the year ended 30th June 2025

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity Mwangathia Vocational Training Centre

Name of beneficiary entity: MWANGATHIA VTC

| Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY) | | | | | |
|--|----------------|---------------|-----------------|------------------|---------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| EDU/VTC/027/2024-2025 | 2/4/2025 | 711,000 | | 711,000 | |
| EDU/VTC/029/2024-2025 | 2/4/2025 | 1,185,000 | | 1,185,000 | |
| Total | | | | 1,896,000 | |

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name FRANCIS GORUMA Sign [Signature] Date 27/08/2025

MWANGATHIA VOCATIONAL TRAINING CENTRE
 P. O. Box 56 - 60202
 NKURU
 Date: 27/08/2025