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ON

**KARURUNE TECHNICAL AND
VOCATIONAL CENTRE**

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



KARURUNE VOCATIONAL TRAINING CENTRE

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

Revised 30th June 2025



KARURUNE VOCATIONAL TRAINING CENTRE

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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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1. 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
TVET	Technical Vocational Education and Training
TVETA	Technical Vocational Education and Training Authority
NITA	National Industrial Training Authority
KVTC	Karurune Vocational Training Centre

- **Definition of key terms**

Fiduciary management - members of the management directly entrusted with the entity's financial resources

Comparative year- means the prior period

2. Key Entity Information and Management

(a). Back ground information

Karurune Vocational Training Centre is located in Meru County, Imenti North Sub County, Nthimbiri Division, Ntima West Ward Nthimbiri Location, and Nthimbiri Sub Location. The VTC was established as a community-based Centre for training Youths in technical skills by Baimaitethia self-help group in the year 2000 with the mandate of ensuring that the Youth access quality technical education and training. Initially it was a youth polytechnic under the ministry of youth affairs and sports, and finally to Vocational Training Centre under Technical Vocational Education Training in the ministry of education and technology

The institute was registered by the Ministry of Youth Affairs and Sports on 19th March, 2009. It stayed under the Ministry of Youth Affairs and Sports until 2013 when it was devolved to the Meru County Government. Currently the institution is under the department of Vocational Education Training registered under TVET. The institution has been managed by different number of managers since until the current Manager/Principal Mr. James Kinyingi.

Finally, the institution has undergone transformative stages and various structures are being constructed.

(b). The principal activities

The principal activity entity is to train competent and innovative man power in TVET to meet the changing needs of the industry and self-sustainability under TVETA Act 2013.

VISION

To be a Centre of excellence in Technical Entrepreneurship Education and Training

MISSION

To provide quality technical education training, innovation and entrepreneurship skills in order to produce national competitive graduates

(c). Key Management

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

- Board of governors / management etc.
- Accounting officer/principal.
- Management

KARURUNE VOCATIONAL TRAINING CENTRE**Annual Report and Financial Statements for the year ended 30th June 2025****(d) Fiduciary Management**

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

S/No.	Designation	Name
1.	Principal/Manager	Mr. James K. Kinyingi
2.	Deputy Principal/Assistant Manager Finance	Mrs. Lorine G. Tom
3.	Deputy principal/Assistant Manager Academics	Mr. Elias Kimathi

Key Entity Information and Management (Continued)**(e) Fiduciary Oversight Arrangements**

S/N	Description	Name
1	Finance Committee	1. Mr. Stephen Kathunkumi -Chair Person 2. Mr. Antony Gitonga 3. Mrs. Lorine G. Gatwiri
2	Hrm Committee	1. Dorothy Eustace Njekei 2. Diana K. Magana 3. George Kibiti
3	Risk And Audit Committee	1. Wilson Mwenda 2. Dennis Mutuma 3. Purity Kathure

(f). Entity Headquarters**Karurune V.T.C. Headquarters**

P.O. Box 120-60200

Makutano - Meru High Way

Meru, Kenya

(g). Entity Contacts

Telephone: (254) 710544874

E-mail: karurunevtc@gmail.com

(h) Entity Bankers

Central bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

Other Commercial Banks

Kenya Commercial Banks
Account no: 1234056879
Meru branch.

Kenya Commercial Banks
Account no: 1265050074
Meru branch.

Family bank
Account no: 063000009671
Meru branch

(i). Independent Auditors

Auditor-General
Office of 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

County Attorney General
P.O. Box 51-60200
Meru

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3. The Board of Management

Board of Governors passport size photo and name, and key profession/ academic qualifications	Description of members date of birth and qualifications
 1. WILSON MWENDA MUGUNA Profession: Accountant Academic: degree	Date of birth: 20/12/1984 Qualifications: degree Work experience: 8 years Position in BoG: Chairperson BoG
 2. ELIZABETH KANYUA MWITII Profession: business Management Academic: diploma	Date of birth: 16/05/ 1949 Qualifications: Diploma in Business Management Work experience: 20 years Position in BoG: Vicechair BoG
 3. MR. JAMES K. KINYINGI Profession: instructor Academic: higher Diploma	Date of birth: 22/6/1972 Qualifications: Higher Diploma in Technical Education Management Work experience: 18 years Position in BoG: BoG Secretary
 4. DIANA KARIMI MAGANA Profession: supplies & management Academic: Higher Diploma	Date of birth: 11/02/ 2000 Qualifications: diploma in Supplies and Management Work experience: 1 year Position in BoG: Member



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 <p>5. GEORGE KIBITI Profession: farmer Academic: EACE</p>	<p>Date of birth: 22/06/ 1962 Qualifications: O-level Work experience: 20 years Position in BoG: Member</p>
 <p>6. DENNIS MUCHAI Profession: lawyer Academic: masters</p>	<p>Date of birth: 03/12/1987 Qualifications: masters in internal law, B/ness & trade Work experience: Position in BoG: Member</p>
 <p>7. FAITH NKONGE Profession: farmer Academic: EACE</p>	<p>Date of birth: 17/12/1964 Qualifications: EACE Work experience: 22 years Position in BoG: Member</p>
 <p>8. ALEX MUTETHIA Profession: Plumber Academic: Craft</p>	<p>Date of birth: 1998 Qualifications: Craft in Plumbing Position in BoG: Member</p>

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 <p>9. ISAAC KINOTI Profession: Retired Teacher Academic: Diploma</p>	<p>Date of birth: 01/01/1950 Qualifications: Diploma in Education Work experience: 30 years Position in BoG: Member</p>
 <p>10. PURITY KATHURE Profession: business management Academic: Computer Certificate.</p>	<p>Date of birth: 13/09/1987 Qualifications: Certificate in computer Work experience: 12 years Position in BoG: Member</p>

4. Key Management Team

SN.	Member/ Director	Details
1	 <p>MR. JAMES K. KINYINGI Profession: instructor Academic: higher Diploma</p>	<p>Date of birth: 22/6/1972 Qualifications: Higher Diploma in Technical Education Management Work experience: 18 years Position in BoG: Secretary</p>
2	 <p>LORINE G. TOM</p>	<p>DEPUTY PRINCIPAL</p>
3	 <p>ELIAS KIMATHI</p>	<p>HEAD OF ACADEMICS</p>

5. The Chairman's Statement.

I am pleased to present the annual report and the financial statement of Karurune VTC for the ended 30th June 2025.

The demand for VTC programmes in the country has continued to rise prompting the institution to continually introduce academic programmes that respond to the demand of the market. The objective of the Board of the management is to position Karurune VTC main programmes with the contest of the market requirements, cost rationalization, equity and customer satisfaction. During the financial year 2024-2025 period, key achievements were achieved.

- Increased student enrollment from 21 to 29.
- Substantial physical infrastructure
- Participated in Inter-Vocational Training Centre ball games at the county level.
- Enhanced marketing strategies which prompted for population growth
- Constructed the dormitory for accommodation to increase the population growth
- Established collaboration and liaison with key local industries and Jua kali where the institution can attach its trainees.

During this year 2024-2025 financial year commitment was geared towards physical development of the physical infrastructure, implementation of the institute performance contracts which has set out the process and time frame of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am proud to note that most of the goals set out within the year indeed have been achieved. This includes: -

- Competitive recruitment of trainers
- Development of infrastructures to support academic programs

The institution received bursaries and county government capitation of the trainees. This funding has enabled the institution to acquire equipment, ensuring that trainees are equipped with relevant skills hence increasing their marketability.

The institution has witnessed significant growth of the institute assets that has prompted a good training environment for both trainers and trainees. Therefore, I wish to thank the members of Board who have provided useful insight to the institution management making it possible to collectively make progress. The Board is pleased with the effort of the Karurune VTC to ensure prudent management of resources and level of compliance with the government regulations and

KARURUNE VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2025

statutory requirements. I thank government for its financial support so far that has made it possible to implement Karurune VTC functions and programmes.

I also wish to thank all stakeholders for their continued support and dedication even as we focus on higher goals of excellence.

MR. Wilson Mwenda



Chairman of the Board.

6. Report of the Principal

Presented herein is the annual report and financial statement of Karurune VTC for the year ended 30th June 2025 as per the public finance management Act of 2012 and public Audit Act 2015

Non-Financial Information

(a) Academic programmes

During the financial year under review the institution had 7 academic programmes; namely

- Motor Vehicle Technology
- Building Technology
- Fashion Design and Garment Making Technology
- Hair Dressing and Beauty Therapy
- Electrical and Electronics Technology
- Information Communication Technology

(b) Student Population.

The institute admits students from the neighboring secondary and primary schools. By the end of the 2024/2025 financial year, the institute had a population of 29 students. The number is expected to rise to 100 trainees in the year 2025/2026 financial year. This will be achieved through,

- Aggressive marketing of the courses offered in the institution.
- Completion of the dormitory which will offer boarding facilities to trainees who come from far.
- Partnering with the local industries and other institutions of higher learning.
- Improved internal and external academic performance.
- Offering academic programmes that are attractive to trainees.

(c) Provision of requisite facilities.

As a strategy to increase competitive advantage, the management of the institute continued to expand the existing facilities to attract and accommodate more students.

(d) Performance Contract

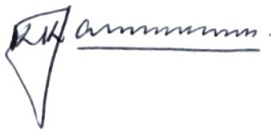
KARURUNE VOCATIONAL TRAINING CENTRE
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In the financial year 2024/2025, the institute made the following achievements.

- Overseen the construction of the dormitory.
- Participated in Meru County inter VTC ball games competition.
- Participated in the Meru National Agricultural show exhibition

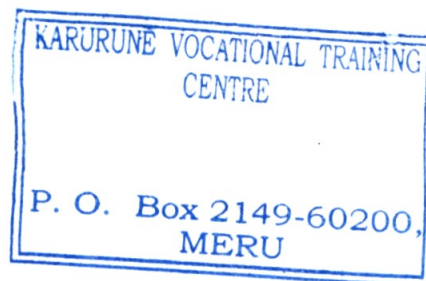
Challenges that hindered 100% achievement of the targets during the year.

- Inadequate professional teaching staff.
- Lack of staffroom and inadequate trade workshops
- Inadequate tools and equipments which conform to modern technology.
- Lack of ICT and modern machines for learning purposes and service delivery.
- Inadequate funding from the government and poor fees payment
- Incomplete boarding facility leading to inability to capture trainees from far.
- Lack of space for sports and co-curricular activities.
- Insecurity due to lack of gate and proper fencing.



Mr. James K. Kinyingi

Principal.



KARURUNE VOCATIONAL TRAINING CENTRE

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

7. Statement of Performance against Predetermined Objectives

REVIEW OF KARURUNE VTC PERFORMANCE FOR 2024/2025 FINANCIAL YEAR

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County government entity's performance against predetermined objectives.

KARURUNE VTC has 5 strategic pillars /issues/ themes and objectives within its Strategic Plan for the FY 2024/2025. These strategic pillars are as follows:

Pillar 1: Score distinctions/credits in NITA examinations

Pillar 2: provide infrastructure that adequately supports the core plans of the institution

Pillar 3: pursue stake holders' partnerships and collaborations

Pillar 4: Obtain and maintain an appropriate ratio of trainees to instructors, learning materials and facilities.

Pillar 5: Establish contemporary learning services and facilities

Karurune VTC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institution achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Score distinctions/credits in NITA examinations	Trade instructors Strong supervision	Encourage department Innovations Field trips Staff motivation	All trainees passed with credits
Pillar 2	provide infrastructure that adequately supports the core plans of the institution	BOM, Tender committee, community, county administration.	Established cost of the project, Facilitated planning, awarded tender monitoring of project construction evaluation	Dormitory completed
Pillar 3	pursue stake holder partnerships and	Number of local industries in	Strengthen external	Held quarterly meetings with

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

	collaborations	collaboration Number of meetings in a year Number of business opportunities	network with industries Implement expanded community plans to add value to the community	the community on available business opportunities the community can engage with the VTC
Pillar 4	Obtain and maintain an appropriate ratio of trainees to instructors, learning materials and facilities.	Tools and equipments instructors	Tools and equipments purchased Employed instructors	Tools and equipments were increased More instructors employed
Pillar 5	Establish contemporary learning services and facilities	Suggestion boxes Customers complains & compliment registers	Establishing a client relation management by maintaining customer visitors and customers feedback systems	Suggesting management system in place. Customer complains & compliment tools in place

8. Corporate Governance Statement

The mandate of TVET Act 2013. Every TVET institution is governed by a governing body in the form of council/BOG which is responsible for providing the required leadership in developing appropriate plans and strategies that will contribute to sustainable execution its mandate to satisfy that social economic advancement of the nation and region. Each institution is headed by Manager /Principal who acts as secretary to the governing BOG. The BOG consists of-

- Chairperson
- Vice Chairperson
- Secretary/Manager
- Third Signatory
- One BOG member
- County Vocational Education and Training Officer

The Board of Governors Nomination Process

A nomination panel shall be constituted by the VETO at least three (3) months before the expiry of the life of the existing board.

The nomination panel shall identify and forward (9) names of nominees for the appointment by the CEC (M) from persons under the following categories.

- Two representatives from the religious Entity. In case the VTC has on Religious Entity, then a representative of the Sub-County Education Board will nominate.
- Two representatives from the community in which the VTC is situated. The representatives should be persons of integrity capable of articulating VTC issues to the community and solicit for their support.
- Two youth leaders (a male and a female) representing the interests of the youth.
- One representative of the persons with special needs. The person should preferably be with special needs or conversant with the needs of people with disabilities, particularly learners.
- One person representing the local Jua kali or industry and commerce sector. Such representatives should be able to facilitate linkages between the VTC and the local Jua kali or industry and commerce sector particularly on attachment.
- One person representing special interest. The person should preferably possess certain skills which can be beneficial to the operation and well-being of the VTC.

A person may be disqualified for appointment to the VTC Board if: -

- He/she does not meet the minimum academic qualification of KCSE/KCE Level of secondary education
- He/she has a criminal record has not been granted a pardon.
- He/she has been declared insolvent or bankrupt and has not been discharged.
- He/she is adjudged to be of unsound mind or has been detained as criminally insane person.

- He/she is disqualified from public office by any law for the time being in office.
- His/her economic or business interest are linked to those of the board of the vocational training Centre with an exception of special cases which must receive written permission from the CEC (M)
- He/she fails to write an acceptance letter to the CEC (M) in charge of Education and Technology.
- He/she fails to attend three consecutive meetings of the board without written apologies.

The total composition of the board shall be (13) people. no single gender shall constitute more than two thirds of the total number. The Vocational Education and Training Officer should be automatic ex-officio member of the board. Upon appointment of the board of Governors should fulfill the following at the inaugural meeting.

- a) Confirm the chairperson of the BoG
- b) Elect the Vice chairperson
- c) Co-opt three persons to the board who should be two parents with trainees in the VTC and an instructor
- d) Nominate signatories to the bank account (3) members namely the chairperson, manager/secretary and a third signatory.

The term of office for the board is 3 years and is eligible for re-appointment for one more term. The board shall hold not less than three (3) ordinary meetings each year. The quorum at any meeting shall be two thirds (2/3). Any member who is absent without apologies for three (3) consecutive meetings of the board shall be required to resign or shall be deemed to have ceased from being board member.

9. Management Discussion and Analysis

The BOG of the VTC has been very supportive to the management and has fully performed its oversight role in the whole and through the BOG committee. The management team is also well constituted with the principal being the team leader, deputy principal (who handles both administration and academic). Head of guidance and counseling and industrial liaison officer.

During the financial year, the management has endeavored to satisfy legal and regulatory requirements as enshrined in the mandate under the TVET ACT 2013, the education act 2013, PFM Act 2012 and its regulation etc.

During the period we were able to undertake our performance key project which was construction of a staffroom. We purchased the construction materials and used our trainees labour. The project is 63.06% Complete

FY 2024/2025 project completion rate.

Project name	Project description	Location	Cost of materials used	Current status	Expected deliverables (output) FY 2024/2025	Completion status
Staffroom	Construction of staffroom	Karurune VTC	121,000	New	Staffroom partially completed	63.06% complete

10. Environmental and Sustainability Reporting

Karurune VTC exists to transform lives. This is our purpose, the driving force behind everything we do. It's what guides us to deliver our strategy which founded on five pillars. Below is a brief highlight of our achievement.

i. Sustainability Strategy and Profile

Karurune VTC is a learning organization under the Directorate of Technical Vocational Training Education and Training. In her commitment to produce skilled manpower that fits in the job market, the VTC has continued comply with the Ministry of Education guidelines and polices. The VTC has identified the potential of the community as the key in realizing the growth of the institution the VTC has therefore engaged the community through continuous sensitization on the TVET courses on the support given by the government through capitation and application of bursaries. Further, the institution has reached out to the stakeholders and political leaders for support in all aspects in the running of the institution through attending church meeting, community meeting and upholding support for fees payment through the CDF programmes and bursaries for more levels.

The VTC has continued to engage with the industry to allow linkage for trainees to the industry for industrial attachment and also employment. This has enabled contribution for industry expectation through direct feedback from industry.

Benchmarking with other learning institution and partnering with them remain vital for progressive growth. attending to relevant training and workshop has been key in staff development.

ii. Environmental Performance

Karurune VTC is committed to reducing its impact on the environment. We strive to improve our environmental performance over time and initiate additional activities that will further reduce our impact on the environment. Our commitment is to: -

- a) Comply with all applicable environmental regulations.
- b) Prevent pollution whenever possible.
- c) Train all staff on our environmental programmes and empower them to contribute and participate.
- d) Communicate our environmental commitment and efforts from our customers, staff and our community.
- e) Provision of bins for segregation of waste in the compound.
- f) Encourage the reuse and recycle of waste plastic bottle instead of throwing them away.

iii. Employee Welfare

The VTC has been following procedure of hiring employees in the institution. The Board identifies the vacancies by analyzing the key responsibilities and duties that ought to be done and staff are not available or adequate.

The Board then advertises for the position and invites qualified candidates to apply. On application, shortlisting of qualified person is done basing it on the advert, gender, ethnicity and experience. Qualified candidates are conducted to attend the interview through mail, or telephone calls. The panel engages all the interviewees and allocated marks as per the score sheet. The panel then discuss the scores and average for the best candidate to be approved once staff are engaged, they are taken through an orientation where their responsibilities are outlined, discussed and objectives of the organizations are laid out. Staff are developed through support given by BOG to attend the relevant workshops and seminars especially the once organized through the county government. The VTC is in the process of developing policy on the safety and compliance with Occupational Safety and Health Act Of 2007 (OSAH). Appraisal of the staff is done continuously.

iv. Market Place Practices

The Organization should outline its efforts to: -

a) Responsible competition practice

Explain how organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible supply chain and Suppliers relations: - explain how the organization maintain good business practices, treats its own suppliers and responsibility by honoring contracts and respecting payment practice.

c) Responsible marketing and advertisement: - outline efforts to maintain ethical marketing practices.

d) Product stewardship: - outline efforts to safeguard consumer rights and interest.

v. Corporate Social Responsibility /Community Engagement

The VTC embarked on the following CSR activities within the year.

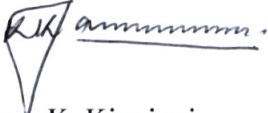
- Offering short courses to the community freely
- Training boda boda operators on road safety.

On behalf of the management and staff of Karurune VTC. I take this opportunity to thank Board of Governors for the support accorded to the key management and for its visionary direction in development of the VTC.

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

I appreciate support of the county government of Meru throughout the year under review, though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the VTC of choice for trainers in the county and beyond.

I thank all the staff and trainees of Karurune VTC for the continued corporation in this challenging but a noble task of building the VTC and I look forward to the same corporation and enthusiastic participation in the 2025/2026 FY



James K. Kinyingi

Principal/Secretary of the Board.



11. Report Of the Board of Management

The Board Members submit their report together with the audited statement for the year ended 30th June 2025 which shows the state of the VTC affairs.

Principal activities

The principal activities of the VTC are: -

- i) Promote the best interest of the institution and ensure its development.
- ii) Promote quality education and training for all trainees in accordance with the set standard
- iii) Develop a strategic plan for the institution
- iv) Create and enabling environment with the institution's manager/principal, instructors and other staff of the institution in the performance of their professional duties
- v) Manage all the affairs of the institution in accordance with the laid down procedures.\
- vi) Advice the department and staffing needs of the institution in consultation with the quality assurance and standards officers, ensure effective curriculum implantation and delivery.
- vii) Ensure trainees are presented for examination and assessment
- viii) Prepare annuals estimates of revenues and expenditure for the institution and incur expenditure on behalf of the institution
- ix) Receive, on behalf of institution, fees grant, subscriptions, donations, or other bodies or persons in accordance to the relevant role.
- x) Mobilize resources for the purposes of the institution subject to the provision of the public financial management act 2012 and any other relevant roles.
- xi) Prepare a comprehensive annual report on all arrears of its mandate including education, training, and research services and submit the same to the department.

RESULTS

The results of entity for the year ended June 30th June 2025, are set out on page 1 to 6

Board of Management

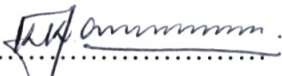
The members of the Board who served during the year are shown on page vi and viii During the year there has been no change in the Board of Governors

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Auditors

The Auditor general is responsible for the statutory audit of the VTC in accordance with article 229 of the constitution of Kenya and public audit act 2015 to carry out the audit of VTC for the year ended 30th June,2025. In accordance to section 23 of the public audit act 2015.

By order of the Board


.....
Mr. James K. Kinyingi

Secretary of the Board

Date: 02/12/2025



12. Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act 2013 require the Board of Management to prepare financial statements in respect of that Karurune VTC which give a true and fair view of the state of affairs of the Karurune VTC at the end of the financial year/period and the operating results of the VTC for that year/period. The Board of Management are also required to ensure that the Karurune VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the VTC. The Board of Management are also responsible for safeguarding the assets of the VTC

The Board of Management are responsible for the preparation and presentation of the VTC financial statements, which give a true and fair view of the state of affairs of the VTC for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the KVTC, (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 KVTC (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accept responsibility for the KVTC 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. The Board of Management are of the opinion that the KVTC financial statements give a true and fair view of the state of KVTC transactions during the financial year ended June 30, 2025, and of the KVTC financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the KVTC, which have been relied upon in the preparation of the KVTC 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 KVTC ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the KVTC will not remain a going concern for at least the next twelve months from the date of this statement.

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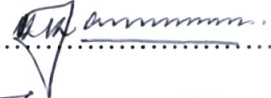
Approval of the financial statements

The Karurune Vocational Training Centre financial statements were approved by the Board on 26/08/2025 2025 and signed on its behalf by:



.....
Name Wilson Mweru

Chairperson of the Board



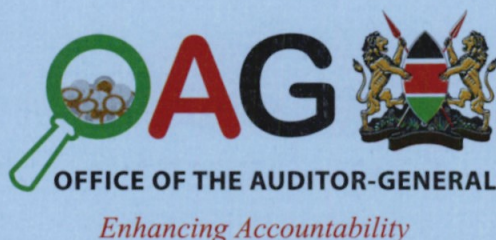
.....
Name James Kinyua

Principal/ Manager



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KARURUNE TECHNICAL AND VOCATIONAL CENTRE THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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 Karurune Technical and Vocational Centre set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, 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 Karurune Technical and Vocational 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 (TVET) Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Fees Revenue and Misclassification of Receivables

The statement of financial performance reflects fees from students amount of Kshs.763,783.33 as disclosed in Note 7 to the financial statements. However, Management did not provide detailed schedules showing the amounts paid by each student to support the reported revenue.

In the circumstances, the accuracy and completeness fee amount of Kshs.763,783.33 could not be confirmed.

2. Unconfirmed Ownership and Value of Fixed Assets

The statement of financial position reflects property, plant and equipment net book value of Kshs.76,300 which comprise of zero balance for land, furniture and fittings and buildings as disclosed in Note 15 to the financial statements. However, the land, buildings and furniture's and fittings and other assets have not been surveyed, valued and included in the fixed asset register and the annual report and financial statements. In addition, land ownership documents were not provided for audit.

In the circumstances, the accuracy and completeness of the of property, plant and equipment balance of Kshs.76,300 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Karurune Technical and Vocational 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.555,000 and an actual total revenue of Kshs.1,318,783 resulting to over-funding of Kshs.763,783 or one hundred fifty two percent (152%) of the total revenue budget. Similarly, the Centre spent Kshs.1,362,982 against actual receipts of Kshs.1,318,783, resulting to an over-utilization of Kshs.44,199 or (3%) of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Board of Management is responsible for the Other Information set out on page ii to xxv which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Manager, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of the Board of Management Responsibilities, Statement of Performance Against Predetermined Objectives. 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 and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

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

Basis for Conclusion

1. Failure to Budget for Climate Change and Financing

Review of the Centre's annual budget and financial plans revealed that no provisions for climate change mitigation, adaptation programs, or climate financing initiatives were made. In addition, there was no evidence of planned allocation of funds for projects or activities that address climate risks, such as water source protection, energy-efficient operations, or climate resilience measures. This contrary to The National Climate Change Act, 2016, which obligates public entities to mainstream climate change measures into their operational and development plans and to allocate adequate resources to address climate resilience and adaptation.

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

2. Failure to Deduct and Remit Public Procurement Capacity Building Levy

Review of records revealed that the Centre 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 law.

3. Non-Compliance with 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.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. 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 National Government entity to assess effectiveness of the Centre through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the Centre did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Lack of a Risk Management Policy

The Centre did not have a documented and approved Risk Management Policy in place. No evidence was provided of risk registers, risk assessment reports, or integration of risk management into operational processes during the audit period.

In the circumstances, disaster preparedness and action plan in case of an emergency could not be guaranteed.

3. Absence of an Approved Strategic Plan

Audit review revealed that the school did not have an approved strategic plan for the period under review. As a result, the school continues to operate without a formal strategic direction, timelines, performance indicators, or resource allocation framework.

In the circumstances, the strategic vision and roadmap of the Centre could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

KARURUNE VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2025

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

	Notes	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	555,000.00
		555,000.00
Revenue from Exchange transactions		
Fees from students	7	763,783.33
Revenue from Exchange transactions		763,783.33
Total Revenue		1,318,783.33
Expenses		
Use of goods and services	8	1,220,582.67
Employee costs	9	70,000.00
Board Expenses	10	52,400.00
Repairs and maintenance	11	20,000.00
Total Expenses		1,362,982.67
Net surplus/(deficit) for the year		(44,199.33)

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

.....

Name *Wilson Wanjau*
Chairman of Board

Date *02/12/2025*

.....

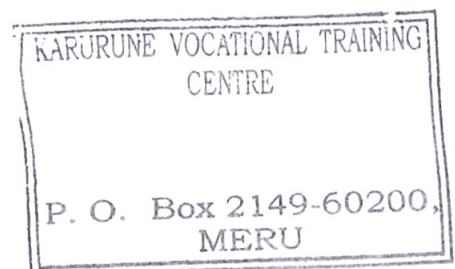
Name
Accountant
ICPAK No 26257

Date *03/12/2025*

[Signature]
JAMES KINYUA

Name
Principal/Manager

Date *02/12/2025*




KARURUNE VOCATIONAL TRAINING CENTRE


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

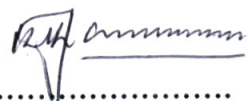
16. Statement of Financial Position As At 30th June 2025

Description	Notes	2024-2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	12	393,552.36
Current portion of receivables from exchange transactions	13(a)	543,250.00
Inventories	14	72,000.00
Advance fee from student		1,833.33
Total Current Assets		1,010,635.69
Non-Current Assets		
Property, plant, and equipment	15	76,300.00
Total Non-Current Assets		76,300.00
Total Assets (A)		1,086,935.69
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	16	52,496.67
Total Current Liabilities		52,496.67
Non-Current Liabilities		
Non-Current Provisions		0
Total non-current liabilities		0
Total Liabilities (B)		52,496.67
Net Assets (A-B)		1,034,439.03
Represented By:		
Revaluation Reserves		0
Accumulated Surplus		1,034,439.03
Capital Fund		0
Total Net Assets		1,034,439.03

The Financial Statements set out on pages 1 to 4 were signed by:


 Name Wilson Mwendu
 Chairman of Board

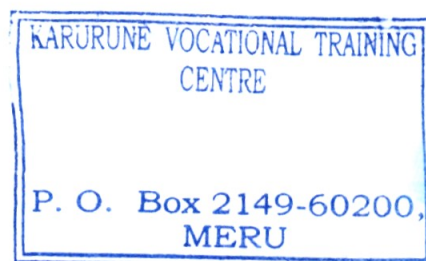

 Name
 Accountant
 ICPAK No 26257


 Name JAMES KIMANI
 Principal/Manager

Date 02/12/2025

Date 03/12/2025

Date 02/12/2025



KARURUNE VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2025

17. 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 <i>(current year)</i>	0	1,078,638.36	-	1,078,638.36
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	(44,199.33)	-	(44,199.33)
Capital grants received during the year	-	-	-	-
At June 30, 2025	0	1,034,439.03	-	1,034,439.03

KARURUNE VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2025

18. Statement of Cash Flows for The Year Ended 30 June 2025

Description	2024-2025	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	555,000.00
Fees from students		218,700.00
Total Receipts		773,700.00
Payments		
Use of goods and services		1,316,386.00
Employee costs	70	70,000.00
Board Expenses	10	52,400.00
Repairs and maintenance	11	20,000.00
Total Payments		1,458,786.00
Net Cash Flows from operating activities		(685,086.00)
Cash flows from investing activities		
Purchase of property, plant, and equipment		0
Net cash flows used in investing activities		0
Cash flows from financing activities		
Repayment of Borrowings		0
Net cash flows used in financing activities		0
Net Increase/(Decrease) in Cash and Cash equivalents		(685,086.00)
Cash & Cash equivalents at the beginning (1 st July)	12	1,078,638.36
Cash & Cash equivalents at the end. (30 th June)	12	393,552.36

(Presentation of cash flows shall be on the basis of direct method for all public sector entities reporting under the IPSAS Accrual basis of accounting)

KARURUNE VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2025

19. 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*	0	0	0	0	0	0.00
Receipts						
Transfers from County Government	555,000.00	0	555,000.00	555,000.00	-	100.00
Grants from donors and development partners	0	0	0	0	-	0.00
Transfers from National Government entities	0	0	0	0	-	0.00
Public contributions and donations	0	0	0	0	-	0.00
Fees from students	0	0	0	763,783.33	(763,783.33)	0.00
Sale of goods	0	0	0	0	-	0.00
Rental revenue from facilities and equipment	0	0	0	0	-	0.00
Finance income	0	0	0	0	-	0.00
Miscellaneous Income	0	0	0	0	-	0.00
Total Receipts	555,000.00	0	555,000.00	1,318,783.33	(763,783.33)	0.00
Payments						
Use of goods and services	136,900.00	0	136,900.00	792,442.67	(655,542.67)	578.85
Employee costs	0	0	-	70,000.00	(70,000.00)	0.00

KARURUNE VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2025

Board Expenses	0	0	-	52,400.00	(52,400.00)	0.00
Repairs and maintenance	122,100.00	0	122,100.00	20,000.00	102,100.00	16.38
Training materials	296,000.00	0	296,000.00	428,140.00	(132,140.00)	144.64
Grants and subsidies	0	0	-	0	-	0.00
Total Expenditure	555,000.00	0	555,000.00	1,362,982.67	(807,982.67)	739.87
Capital Expenditure payments	0	0	0	0	0	0.00
Surplus	0	0	0	(44,199.33)	44,199.33	-739.87

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the CRF. Budget carryover amounts should not include third-party funds such as contractors' retention.)*

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different categorization of items as approved by the governing body.)

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	(44,199.33)
Classification/presentation differences	437,751.69
Closing Cash and Cash Equivalent as per the statement of Cash flows	393,552.36

20. Notes to the Financial Statement

1. General Information

Karurune Vocational Training Centre is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the County Government of xxx and domiciled in xxx sub-county. The entity's principal activity is offering technical training courses to the surrounding community.

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 the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. 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 2025, it is applicable in Kenya from 1st July 2025)

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 cash flows of an Entity.</p> <p>The new standard requires entities to recognize, 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 recognized 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</p>

	<p>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. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>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><i>Applicable 1st January 2026</i></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><i>Applicable 1st January 2026</i></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><i>Applicable 1st January 2026</i></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 &	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for</p>

<p>Evaluation of Mineral Resources</p>	<p>and evaluation of mineral resources. The Standard requires:</p> <ul 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>
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iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

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 xxx. 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 recorded additional appropriations of xxx on the FY 2024/2025 budget following the Board's approval. 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.

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.

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 amortized 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

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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. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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

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6. Transfers from the County Government

Description	2024-2025
	Kshs
Conditional Grants amortized/ recognized in revenue	
Local Travel and Transport	18,500.00
Exercise Books & Stationery	74,000.00
Utilities	46,250.00
Tools, Equipments and Instructional/ Assessment/ Examination Mater	222,000.00
Skills Competition	35,150.00
Repairs, Maintenance & Improvement of Tools and Equipments	122,100.00
Co-Curricular Activities	37,000.00
Total Government Grants and Subsidies	555,000.00

**(b)Transfers from County Government
(Categorized)**

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance *	Amount recognized in capital fund.	Total grant income during the year
	Kshs	Kshs	Kshs
County Department for Education & Technology	555,000.00	-	555,000.00
Total	555,000.00	-	555,000.00

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending Entity. An acknowledgement note/receipt should be raised in favor of the sending Department.)

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)

KARURUNE VOCATIONAL TRAINING CENTRE**Annual Report and Financial Statements for the year ended 30th June 2025****7. Fees from students**

Description	2024-2025
	Kshs
Fees/Meals	116,500.00
tender fees	4,000.00
Exam	5,000.00
P.E	3,200.00
Bursaries	90,000.00
Receivables	545,083.33
Total Fees from students	763,783.33

(Provide brief explanation for this revenue)

8. Use of Goods and Services

Description	2024-2025
	Kshs
Teaching and learning materials	428,140.00
Skills development	66,750.00
Electricity	21,068.00
Water	12,000.00
Examination fees	20,000.00
Local Travel and Transport	18,000.00
food stuff and kitchen items	94,075.00
General office expenses	2,000.00
Dormitory construction expenses	645,785.00
Bank Charges	8,568.00
Trade payables	52,496.67
Inventories	(72,000.00)
Work in progress	(76,300.00)
Total good and services	1,220,582.67

9. Employee Costs

Description	2024-2025
	Kshs
Salaries and wages	70,000.00
Employee Costs	70,000.00

10. Board Expenses

Description	2024-2025
	Kshs
Other Board Expenses	52,400.00
Total	52,400.00

11. Repairs and Maintenance

Description	2024-2025
	Kshs
Repairs, Maintenance & Improvement Of Tools And Equipments	20,000.00
Total Repairs and Maintenance	20,000.00

12. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	393,552.36	1,078,638.36
Total Cash and Cash Equivalents	393,552.36	1,078,638.36

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Family Bank-Fees/Operational account	063000009671	1,227.11	22,704.11
Kenya Commercial Bank-Project account	1265050074	80,513.00	726,550.00
Kenya Commercial Bank-Capitation/grant account	1234056879	311,812.25	329,384.25
Grand Total		393,552.36	1,078,638.36

13. Receivables from Exchange transactions

13 (a) Current Receivables from Exchange transactions

Description	2024-2025
	Kshs
Current Receivables	
Student Debtors	543,250.00
Total Current Receivables	543,250.00

13 (b) Ageing Analysis of Receivables from Exchange Transactions

Description	2024-2025	
	Kshs	
	Current FY	% of the total
Less than 1 year	111,300.00	20.49
Between 1- 2 years	431,950.00	79.51
Total (a+b)	543,250.00	100

14. Inventories

Description	2024-2025
	Kshs
Consumable stores	72,000.00
Total Inventories at lower of Cost and Net Realizable Value	72,000.00

(Provide brief explanation on inventories)

Detailed Disclosure on Inventories

	2024-2025
	Kshs
Opening balance	-
Additional Inventory in the year	72,000.00
Inventory expensed in the year	-
Write-downs in the year	-
Others specify	-
Closing balance	72,000.00

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15. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
		X%	X%	X%	X%	X%	X%		
Depreciation Rate		X%	X%	X%	X%	X%	X%		
At 1 July 2023 (previous year)	0	0	0	0	0	0	0	-	-
Additions	0	0	0	0	0	0	0	-	-
Disposals	0	0	0	0	0	0	0	-	-
Transfers/Adjustments	0	0	0	0	0	0	0	-	-
Revaluation	0	0	0	0	0	0	0	-	-
At 30th June 2024 (previous FY)	0	0	0	0	0	0	0	-	-
Additions	0	0	0	0	0	0	0	-	-
Disposals	0	0	0	0	0	0	0	-	-
Transfer/Adjustments	0	0	0	0	0	0	0	-	-
Revaluation	0	0	0	0	0	0	0	-	-
At 30th June 2025 (current year)	0	0	0	0	0	0	0	76,300.00	76,300.00
Depreciation And Impairment									
At 1 Jun 2023 (previous year)	-	0	0	0	0	0	0	-	-
Depreciation	-	0	0	0	0	0	0	-	-
Disposals	-	0	0	0	0	0	0	-	-
Impairment	-	0	0	0	0	0	0	-	-
At 30 Jun 2024 (previous year)		0	0	0	0	0	0	-	-
Depreciation	-	0	0	0	0	0	0	-	-
Disposals	-	0	0	0	0	0	0	-	-
Impairment	-	0	0	0	0	0	0	-	-
Transfer/Adjustment	-	0	0	0	0	0	0	-	-
At 30th Jun 2025 (current	0	0	0	0	0	0	0	76,300.00	

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<i>year)</i>									76,300.00
Net Book Values									
At 30th Jun 2024 (<i>previous year</i>)	0	0	0	0	0	0	0	-	-
At 30th Jun 2025 (<i>current year</i>)	0	0	0	0	0	0	0	76,300.00	76,300.00

WIP - 63.06% Complete staffroom construction

16. Trade and Other Payables from Exchange Transactions

Description	2024-2025	
	Kshs	
Trade payables	52,496.67	
Total Trade and Other Payables	52,496.67	
Ageing analysis:	Current FY	% of the Total
Under one year	52,496.67	100
1-2 years	0	0
2-3 years	0	0
Over 3 years	0	0
Total (to tie to totals above)	52,496.67	100

17. Cash generated from operations.

	2024-2025	
	Kshs	
Surplus/(Deficit) for the year	(44,199.33)	
Adjusted for:		
Depreciation	0	
Non-Cash grants received	-	
Working Capital Adjustments		
Increase in Inventory	(148,300.00)	
Increase in Receivables	(543,250.00)	
Increase in Deferred Income	0	
Increase in Payables	52,496.67	
Increase in Payments received in advance-fees from students	(1,833.33)	
Net Cash Flow from Operating Activities	(685,086.00)	

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

18. Financial Risk Management

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

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2025 (current year)				
Receivables from exchange transactions	543,250.00	543,250.00	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	393,552.36	393,552.36	0	0
Total			0	0

KARURUNE VOCATIONAL TRAINING CENTRE
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	936,802.36	936,802.36		
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(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Trade Payables	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Total	0	0	0	0
At 30 June 2025 (current year)				
Trade Payables	0	52,496.67	0	52,496.67
Provisions	0	-	0	-
Deferred Income	0	-	0	-
Total	0	52,496.67	0	52,496.67

(iii) Market risk

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

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

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

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

a) Interest rate risk

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

Management of interest rate risk

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

19. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

County Government of Meru

The County Government of Meru is the principal shareholder of Karurune VTC. The County Government of Meru has provided full guarantees to all long-term lenders of the entity, both domestic and external.

The transactions and balances with related parties during the year are as

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Description	2024-2025
	Kshs
Transactions with Related Parties	
b) Grants /Transfers from the Government	
Grants from County Government	555,000.00
Donations in Kind	0
Total	555,000.00
c) Key Management Compensation	
Board of Management emoluments	52,400.00
Compensation to Key Management	0
Total	52,400.00
Total	607,400.00

20. Events After the Reporting Period

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

21. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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21. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
This is the first year of reporting. There isn't any auditor generals previous recommendations				

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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Name **JAMES KINYINDA**
 Principal/Manager
 (Enter title of Head of entity)
 Date **02/02/2025**

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Appendix II: Projects Implemented by (The Entity)

Projects

Projects implemented by the Karurune VTC Funded by development partners.

Project title	Project number	Donor	Period/ duration	Donor commitment	General donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Project Completion

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

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



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Appendix III- Inter-Entity Confirmation Letter


Name of transferring entity: MERU COUNTY GOVERNMENT

Name of beneficiary entity: KARURUNE 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/011/2024-2025	26/02/2025	180,000		180,000	
Edu/VTC/012/2024-2025	26/02/2025	375,000		375,000	
Total		555,000		555,000	
I confirm that the amounts shown above are correct as of the date indicated.					

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Head of Accounts Department - Disbursing Entity:

Name DOUGLAS ROBEK DOMIZIANO Sign  Date 03/12/2025

Head of Accounts Department - Beneficiary Entity:

Name JAMES KINYINGI Sign  Date 04/12/25

