

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

KAGWAMPUNGU VOCATIONAL TRAINING CENTRE

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

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 MAR 2026 DAY: Thursday

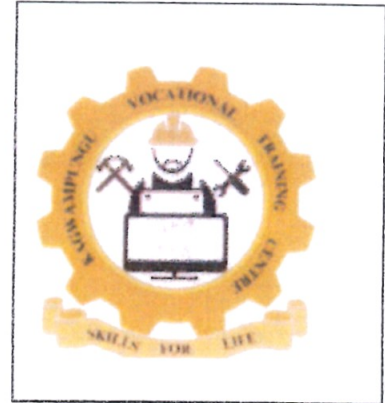
TABLED BY:

Hon. Owen Baya, MP
Deputy Leader of Majority Party

CLERK-AT-THE-TABLE:

A. Shituko

Revised 30th June 2025



KAGWAMPUNGU VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

Table of Contents

1.	Acronyms, Abbreviations, and Definition of Key Terms	ii
2.	Key Entity Information and Management	iii
3.	The Board of Management.....	viii
4.	Key Management Team.....	xiii
5.	Chairman's Statement.....	xiv
6.	Report of the Principal/Manager	xv
7.	Statement of Performance against Predetermined Objectives.....	xvi
8.	Corporate Governance Statement.....	xvii
9.	Management Discussion and Analysis	xix
10.	Environmental And Sustainability Reporting Statement.....	xx
11.	Report of the Board of Management.....	xxii
12.	Statement of Board of Management Responsibilities	xxiii
13.	Report of the Independent Auditor (<i>Specify entity name</i>)	xxv
14.	Statement of Financial Performance For The Year Ended 30 June 2025	26
15.	Statement of Financial Position As At 30th June 2025.....	28
16.	Statement of Changes in Net Assets For The Year Ended 30 June 2025.....	29
17.	Statement of Cash Flows For The Year Ended 30 June 2025	30
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025 ..	32
19.	Notes to the Financial Statements.....	34
20.	Appendices	56

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

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

2 Key Entity Information and Management

(a) Background information

The *VTC* was incorporated/ established under the TVET Act in 2018. The college is under the County Department for Education.

It is located in Taai village, Kathera sub-location, Kathera location, Nkuene Mitunguu sub-county Meru county 5km along Nkubu Marimba road from Nkubu. It was registered by Technical and Vocational Education and Training Authority in 2018, registration number TVETA/PUBLIC/0151/2018.

The VTC is licensed to offer grade test lever in four courses; Motor Vehicle Mechanic, Electrical Wireman, Garment Making and Hair Dressing.

(b) Principal Activities

The principal activity of the VTC is to train competent and innovative manpower to meet the dynamic needs of the industry and self-sustainability under TVETA ACT 2013.

VISION

To be a centre of excellence in technical training technology.

MISSION

To offer quality technical education through provision of theory and practical courses for self-reliance.

MOTTO.

Skills for life.

(c) Key Management

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

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

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal/Manager	Mr Mark Munene Kabuuru
2.	Deputy Principal/Assistant Manager Finance	Mrs Faith Kinya Kinyua
3.	Deputy principal/Assistant Manager Academics	Mrs Faith Kinya Kinyua

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

S/NO	NAME OF THE COMMITTEE	MEMBERS
1	Tendering	1.Faith Kinya-Chair 2.Gladys Kiende 3.Japhet Gikunda
2	Procurement	1.Faith Kinya-Chair 2.Gladys Kiende 3.Japhet Gikunda

**(f) Entity Headquarters
Kagwampungu VTC**

P.O. Box 793-60202
 Nkubu-Marimba Road
 NKUBU- KENYA.

(g) Entity Contacts

Telephone: (254) 722477081
 E-mail: vtckagwampungu@gmail.com

(h) Entity Bankers

Co-operative bank
Account number:01129207040700
Nkubu branch

Kenya Commercial bank
Accounts number: -1257165720
-1257670166
-1277685851

Nkubu 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
(Provide address for the county attorney)

**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**




3 The Board of Management

Member/ Director	Details
<p>1.</p>  <p>Name:James Mwenda Profession:Quality Assurance Academic:Bsc.Economic&Msc Economic</p>	<p>Date of birth:1965 Qualification: Msc Economic Work experience:30 years Position in BOG:Chairman.</p>
 <p>Name:Mark Munene Profession:Instructor Academic:Diploma in Automotive Engineering.</p>	<p>Date of birth:1983 Qualification:Diploma in Technical Education. Work experience:16years Position in BoG:Secretary.</p>
<p>3</p>  <p>Name:Joice M Kirai Inoti Profession:Director KENRAMA Compressive school. Academic:Diploma in teaching</p>	<p>Date of birth:1956 Qualification: :Diploma in teaching Work experience:32 years. Position in BOG:Third signatory.</p>




**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

<p>4</p>  <p>Name: James Kinyua Profession: Electrician. Academic: Diploma in Electrical Engineering</p>	<p>Date of birth: 1987 Qualification: Diploma in Electrical Engineering Work experience: 13 years Position in BoG: Vice-Chairman.</p>
<p>5</p>  <p>Name: Joseph Kirimi Magambo. Profession: Director Catholic dioceses of Meru Academic: Community development Certificate</p>	<p>Date of birth: 1959. Qualification: Community development Certificate Work experience: 36 years Position in BoG: Member.</p>
<p>6</p>	<p>Date of birth: 1961 Qualification: Diploma Work experience: 34 years Position in BoG: Member</p>


**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

 <p>Name: Japhet Mwirigi Profession: Rtd Chief Academic: Diploma</p>	
<p>7</p>  <p>Name: Jane Kawira. Profession: Banker Academic: Diploma in Banking</p>	<p>Date of birth: 1985 Qualification: Diploma in Banking Work experience: 11 years Position in BoG: Member</p>
<p>8</p>  <p>Name: Damalis Kawira Profession: Transport and logistics Academic: Certificate in Transport and logistics</p>	<p>Date of birth: 1994 Qualification: Certificate in Transport and Logistics Work experience: 5 years Position in BoG: Member</p>
	<p>Date of birth: 1995 Qualification: Bsc Education. Work experience: 4 years</p>



**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

<p>9</p>  <p>Name:Edwin Mawira Kinyua Profession:Teacher Academic:Bsc Education.</p>	<p>Position in BoG:Member</p>
<p>10</p>  <p>Name:Faith Kinya Kinyua Profession:Instructor Academic:Degree in Fashion and Design.</p>	<p>Date of birth:1984 Qualification: Degree in Fashion and Design Work experience:14 years Position in BoG:Member</p>
<p>11</p>  <p>Name:Julius Kirimi Profession: Academic:certificate</p>	<p>Date of birth: Qualification: Work experience: Position in BoG:Member.</p>
<p>12</p>	<p>Date of birth:1993 Qualification:Certificate in Information and Technology</p>

**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

 <p>Name:Linda Makena Profession:Information and Technology Academic:Certificate in Information and Technology</p>	<p>Work experience:12 Position in BoG:Member</p>
<p>13</p> <p>Name:Stephen Murithi Profession:Building and Construction Academic:Diploma in Civil Engineering.</p>	<p>Date of birth:1989 Qualification: Diploma in Civil Engineering Work experience:7 years Position in BoG: Member</p>

4 Key Management Team

S N	Member/ Director	Details
1.	<p>Manager</p>  <p>Name: Mark Munene Kabuuru Profession: Instructor Academic :Diploma in Technical Education Diploma in Automotive Engineering certificate in Management</p>	<p>Indicate the main area of responsibility – without details</p> <p>-budgeting -AIE holder</p>
2.	 <p>Name:Faith Kinya Kinyua Profession:Instructor Academic:Degree in Fashion and Design Diploma in Technical Education</p>	<p>-Tendering -procuring</p>
<p>(Note: The Principal and the Secretary to the BoM will feature both under the ‘Board’ and ‘Management’).</p>		

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

5. Chairman's Statement

I am pleased to present the annual report and financial statement of Kagwampungu vocational training centre for the year ended June 30th 2025. The objective of the board is improving outlook and training standards at Kagwampungu VTC.

During the financial year 2024/2025 we had prioritized the following:

- Enhance marketing strategies to increase enrolment.
- Improve infrastructure and furniture.
- Offer short courses like computer packages.
- Utilise part of school shamba to grow vegetables to boost trainees feeding programme.
- Prepare land for planting tea in order to boost institution income.

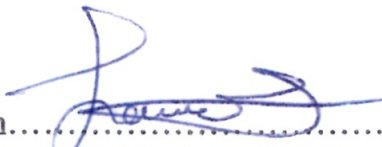
The institution received conditional grant capitation from the county government of Meru.

This funding has enabled the VTC to acquire equipment and tools that will ensure trainees are trained with relevant skills.

The main challenge is lack of infrastructure; we have a stalled ward fund project of two storey workshop. We are also in need of boys and girls dormitory in order to increase trainees' enrolment. The board is liaising with other stakeholders to improve the VTC infrastructure.

I finally wish to thank all stakeholders for their continued support and dedication towards achieving greater height and excellence.

James Mwenda Murwithania.


Sign.....
Chairman of the Board of Governors.
KAGWAMPUNGU VTC.

6. Report of the Principal/Manager

I am pleased to present the annual report and financial statement of Kagwampungu vocational training centre for the year ended June 30th 2025 as per requirements of the public finance management Act of 2012 and public Audit Act, 2015.

Non-financial information

During the financial year under review the VTC had 3 academic programmes namely:

- Motor Vehicle Mechanic
- Garment Making
- Electrical Wireman

(b) student population

The VTC admits students in the first term (jan-march) and second term (may-July).

At the beginning of the year we had an enrolment of 17 trainees and by the end of the financial year we had 12 trainees. The drop out was caused by family conflicts, lack of school fees among others.

The low enrolment is as a result of the CBE education system where there was no class eight drop out which is our biggest target.

- lack of infrastructure (all our classrooms/workshop offices are semi-permanent) This turns away a lot of trainees.
- Trainees drop out due to lack of school fees.
- Trainees not paying school the school fees (they have huge fee balances)
- Offering few courses.

I appreciate the county government for their support, by giving capitation and teaching aids (engine).

I also appreciate the BOM and the other stakeholders who have assisted the VTC in one way or the other.

MARK MUNENE



Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

7. Statement of Performance against Predetermined Objectives

Kagwampungu VTC has 3 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024-2025. These strategic pillars are as follows:

- Pillar/ theme/issue 1: To train competent and innovative manpower to meet the dynamic means of the industry and self-sustainability
- Pillar/theme/issue 2: To foster linkage with industry and other institutions for the promotion of quality and relevant training.
- Pillar/theme/issue 3: To promote and include entrepreneurial skills and culture within the VTCs staff and trainees

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	To train competent and innovative manpower to meet the dynamic means of the industry and self-sustainability	-Increased number of quality cleaning equipment	= Invest in tools and equipment for training = Using video clips for training	= Tools and training materials purchased
Pillar 2	To foster linkage with industry and other institutions for the promotion of quality and	= Partnering with the companies for trainees industrial attachment	= Trainees attending industrial attachments	= Trainees getting industrial attachment easily

**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

	relevant training.			
Pillar 3	To promote and include entrepreneurial skills and culture within the VTCs staff and trainees	= Training entrepreneurship education in all courses	= Training entrepreneurship education in all courses	Entrepreneurship education in the timetable

8. Corporate Governance Statement

- (i) The mandate of TVET in Kenya is spelt out in the TVET Act 2013. Every TVET institution is governed by a governing body in the form of a BOG.

There shall be a nomination panel whose responsibility will be to identify persons to be appointed by the (CEC (M) as members of a Vocational Training Centre board of governors. A nomination panel shall comprise the following persons;

1. Vocational Education and Training Officer (chairperson)
2. Vocational Training Centre Manager (secretary)
3. Area Member of County Assembly (MCA)
4. Vocational Training Centre Religious Entity. In case the VTC has

no Religious

Entity, then a representative of the sub-County Education Board (SCEB)

5. Local administration

The nomination panel shall ensure that the following basic requirements for board of management membership:

1. Minimum academic qualification of KCSE/KCE level (secondary education)
2. Must be persons of integrity and committed to the community on voluntary basis
3. At least one third of the nominees are women

The composition of boards of managements members shall be as follows;

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

1. Two (2) persons nominated by the Religious Entity/SCEB affiliated with the Vocational Training Centre
2. Two (2) persons representing the community in which the VTC is situated.
3. Two (2) youths; one Male and Female
4. One (1) person representing people with special needs
5. One (1) person representing the jua kali or industry and commerce sector
6. One (1) person representing special interests
7. Three persons (3) co-opted to the board during the first BOGs meeting
This members will be drawn from the Parents Instructors Association (PIA)
8. Vocational Education and Training as an ex-officio Board member.
9. The VTC manager who is the secretary to the board

Number of board meetings held and the attendance to those meetings by the members:

No of meetings	Date of the BOM meetings	No of members present
1	17 Sept 2024	10
2	17 Oct 2024	11
3	20 Feb 2025	8
4	27 March 2025	8
5	3 June 2025	9

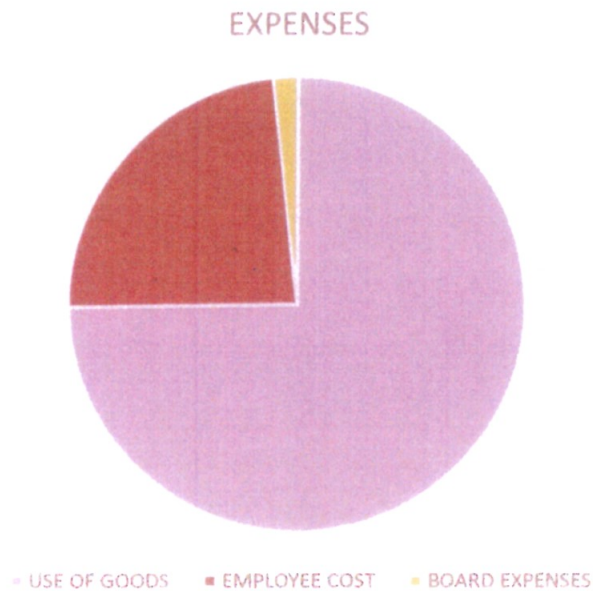
The board is entrusted by the community to be the main decision maker on all management matters pertaining the institution.

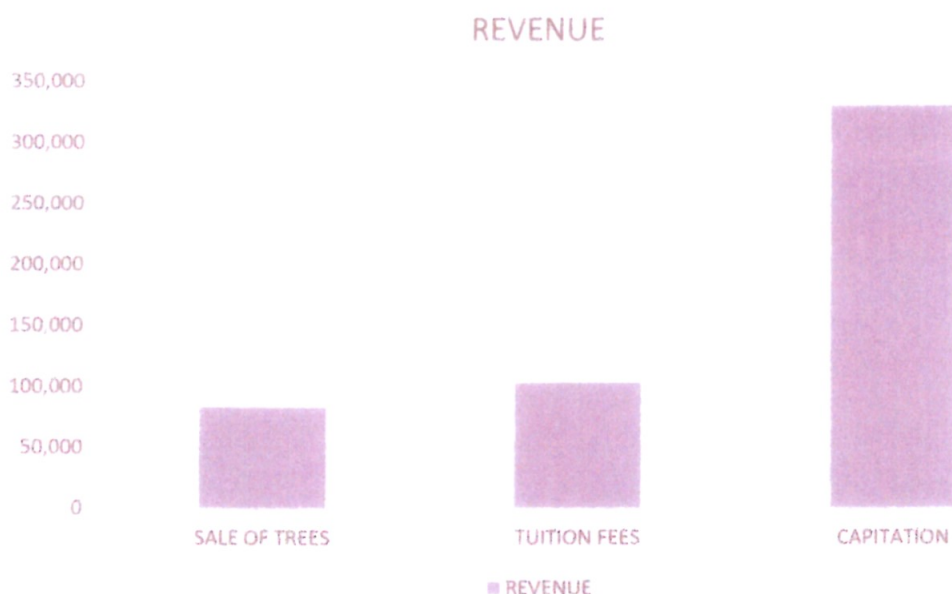
9. Management Discussion and Analysis

The BOG of the TVC has been very supportive to the management and has fully performed its oversight role in whole. The management team is also operating as per the laid down procedures;

The principal being the team leader, deputy principal handles procurement and discipline.

During the financial year, the management has endeavoured to satisfy both land regulatory requirements as espoused in its mandate under the TVET act 2013, the education act 2013, PFM Act 2012 and its regulation.





10.Environmental And Sustainability Reporting Statement

(i) Sustainability strategy and profile

Kagwampungu VTC exist to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy. In our commitment to produce skilled manpower that fits in the job market, the VTC has continued to comply with the ministry of education guidelines and policies. The VTC has reached to the stakeholders and the political leaders for the support in all aspects in the running of the VTC through attending church meetings, community meetings and upholding support for fees payment through the NGCDF programs and bursaries from all levels.

(ii)Environmental performance

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

- a) Prevent environment pollution wherever possible
- b) Comply with all applicable environmental regulations
- c) Communicate our environment conservation commitment and efforts to our customers, staff and our community

- d) Train all of our staff on environmental program and empower them to contribute and participate

(iii) Employee welfare

The VTC has been following the procedures of hiring employees into the institution. The board identifies the vacancy, advertises, shortlist conducts interview and employ the best. The VTC is in the process of developing the policy on safety and compliance with occupational safety and health act of 2007, (OSHA).

(iv) marketplace practices-

The VTC upholds its effort to;

- a) Responsible competition practise, we procure our items though a fair competitive open tendering and respect for competitors without any corruption or political involvement
- b) Responsible supply chain and supplier relation.
The VTC pays the suppliers on time.
- c) Responsible marketing and advertisement or responsible engagement with the citizens
- d) Product stewardship or awareness creation

(V) Corporate social responsibility and community engagement

The VTC is planning to be having a market cleaning day in every school term.

On behalf of the management of Kagwampungu VTC, I take this opportunity to thank the BOG for the support accorded in management and development of the VTC,

I appreciate the support from the county government of meru and appeal for more support especially for the purpose of establishing suitable facilities like comprehension of the two storey workshop

I thank all the staffs and trainees of Kagwampungu VTC for their cooperation despite many challenges in building of the VTC and I look forward to the same cooperation and enthusiastic participation in 2025/2026 financial year.

11. Report of the Board of Management

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

Principal activities

The principal activities of the entity are;

- To train competent and innovative manpower to meet the dynamic means of the industry and self sustainability
- To foster linkage with industry and other institutions for the promotion of quality and relevant training.
- To promote and include entrepreneurial skills and culture within the VTCs staff and trainees

Results

The results of the entity for the year ended June 30 are set out on page

Board of Management

The members of the Board who served during the year are shown on page (viii) and (ix).

Auditors

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

By Order of the Board

..MARK MUXENGE.....

Secretary of the Board

Date: 29-08/2025

12. Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and in accordance to *the Tvet's Act 2013 Section 26*, require the Board of Management to prepare financial statements in respect of that Kagwampungu, VTC which give a true and fair view of the state of affairs of the Kagwampungu VTC at the end of the financial year/period and the operating results of the Kagwampungu VTC for that year/period. The Board of Management are also required to ensure that the Kagwampungu VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kagwampungu VTC. The Board of Management are also responsible for safeguarding the assets of the Kagwampungu VTC.

The Board of Management are responsible for the preparation and presentation of the Kagwampungu's VTC financial statements, which give a true and fair view of the state of affairs of the Kagwampungu 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 Kagwampungu VTC, (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 Kagwampungu VTC, (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 Kagwampungu's VTC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *state corporation and Tvet's Act*. The Board of Management are of the opinion that the Kagwampungu's VTC financial statements

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

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

Approval of the financial statements

The Kagwampungu's VTC financial statements were approved by the Board on 29 - 08 - 2025 and signed on its behalf by:

...*JAMES M. M. M. M. M.*....
Name *JAMES*
Chairperson of the Board

...*MARR M. V. N. R. N. R.*....
Name
Principal/Manager *MARR*



REPUBLIC OF KENYA

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



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

Enhancing Accountability

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

PREAMBLE

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

- A. Report on 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 Kagwampungu Vocational Training Centre set out on pages 26 to 60, which comprise of the statement of financial position as at 30 June, 2025, and the statement of 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 Kagwampungu Vocational Training Centre at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

Undisclosed Assets

The statement of financial position reflects a nil property, plant and equipment balance. However, a number assets owned by the Training Centre including, land, building, biological assets and plant and machinery were not valued, recorded in an asset register and disclosed in the financial statements. In addition, the ownership documents of the land on which the Training Centre operates was not provided for audit verification.

In the circumstances, the accuracy and completeness nil property, plant and equipment balance could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.653,000 and Kshs.516,200 respectively, resulting to an under-funding of Kshs.136,800 or 21% of the budget. Similarly, Management expended Kshs.446,037 against actual receipts of Kshs.516,200, resulting to an under-utilization of Kshs.70,162 or 14% of actual receipts.

The under-funding and under-utilization 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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the Other Information set out on page iii to xviii which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors 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 Training Centre's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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.

2. Lack of Procurement Plan

The statement of financial performance reflects an amount of Kshs.653,000 and Kshs.446,037 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

3. Non-Compliance with Mandatory Registration Requirements under the Data Protection Act

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

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

4. Non-Compliance with Statutory Deductions Obligations

Statement of financial performance reflects Kshs.100,940 as employee cost as disclosed in Note 7 to the financial statement. Review of payroll revealed that support staff and instructors hired by the Board of Management (BoM) are remunerated. However, there is no documented evidence that statutory deductions, specifically the National Social Security Fund (NSSF), Social Health Insurance Fund (SHIF), and Affordable Housing Levy (AHL), were deducted or remitted to the respective statutory bodies for the year ended 30 June 2025. This was contrary to Section 19(4) of the employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) should pay the amount so deducted in accordance with the time period and other requirements specified in the law.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

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

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

2. Lack ICT Policy, Disaster Recovery Plan and Risk Management Policy

Review of the Training Centre's ICT environment revealed lack of ICT Policy which is required to provide guidance on Information Technology governance, security management, program change management, physical access controls, environmental controls, IT service continuity and logical access control. Further, there was no Data Security Policy and Disaster Recovery Plans. In addition, the Training Centre did not have a risk management policy frame work to mitigate operational, legal and financial risks.

In the circumstances, the effectiveness of the risk management process and ICT internal controls could not be confirmed.

3. Lack of Approved Staff Establishment

The Management did not have an approved staff establishment contrary to Paragraph B 5(2) of the County Public Service Human Resource Manual, 2013 which states that all vacancies shall be declared in a prescribed format which shall include the number of vacancies, when the vacancy occurred, whether the vacancy is within the authorized establishment and other relevant details. Further, Section B 6(3) states that in the

recruitment process, due consideration will be given to appropriate organizational structure in each department, optimal staffing levels, schemes of service and career progression guidelines.

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

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

Responsibilities of the Management and 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 Training Centre'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 Training 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

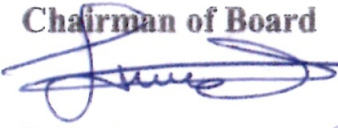

03 December, 2025

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

C	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	450,000.00
		450,000.00
Revenue from Exchange transactions		
Fees from students	7	120,000.00
Sale of goods	8	83,000.00
Revenue from Exchange transactions		203,000.00
Total Revenue		653,000.00
Expenses		
Use of goods and services	9	337,097.45
Employee costs	10	100,940.00
Board Expenses	11	8,000.00
Total Expenses		446,037.45
Other Gains/(Losses)		-
Total Other Gains/(Losses)		-
Net surplus/(deficit) for the year		206,962.55

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

The Financial Statements set out on pages 1 to 10 were signed by:

<i>JAMES MUREMAN</i>	<i>MARK MUREMAN</i>
<i>Name</i>	...	<i>Name</i>
Chairman of Board	Accountant	Principal/Manager
	ICPAK No	
Date <i>29-08-2025</i>	Date	Date <i>29-08-2025</i>

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

Description	Notes	FY
		2024/2025 Kshs
Assets		
Current Assets		
Cash and cash equivalents	12	425,929.80
Current portion of receivables from exchange transactions	13	16,800.00
Receivables from non-exchange transactions	14	120,000.00
Total Current Assets		562,729.80
Non-Current Assets		
Total Non-Current Assets		0
Total Assets (A)		562,729.80
Liabilities		
Current Liabilities		
Total Current Liabilities		-
Non-Current Liabilities		
Total non- current liabilities		0
Total Liabilities (B)		-
Net Assets (A-B)		562,729.80
Represented By:		
Revaluation Reserves		0
Accumulated Surplus		562,729.80
Capital Fund		-

**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

Total Net Assets		562,729.80
------------------	--	------------

The Financial Statements set out on pages 1 to 10 were signed by:

JAMES MURANDA

.....
Name
Chairman of Board

[Signature]

Date 29-08-2025

.....

.....
Name
Accountant
ICPAK No

Date

MARK MUNENE

.....
Name
Principal/Manager

[Signature]

Date 29-08-2025

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

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2024	0	355,767.25	0	355,767.25
Revaluation gain	0	-	-	
Surplus/(deficit) for the year		206,962.55	-	206,962.55
Capital grants received during the year	-	-	0	0
At June 30, 2025	0	562,729.80		562,729.80

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

Description		FY 2024/2025
	Note	Kshs
		BANK
Cash flows from operating activities		
Receipts		
Transfers from County Government		330,000.00
Fees from students		103,200.00
Sale of goods-Trees		83,000.00
Total Receipts		516,200.00
Payments		
Use of goods and services		333,697.45
Employee costs		104,340.00
Board Expenses		8,000.00
Total Payments		446,037.45
Net Cash Flows from operating activities	14	70,162.55
Cash flows from investing activities		-
Net cash flows used in investing activities		-
Cash flows from financing activities		-
Net cash flows used in financing activities		-
Net Increase/(Decrease) in Cash and Cash equivalents		70,162.55

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

Cash & Cash equivalents at the beginning (1 st July)	12	355,767.25
Cash & Cash equivalents at the end. (30 th June)	12	425,929.80

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

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year*	-	0	0	0	0	0
Receipts						
Transfers from County Government	450,000.00	0	450,000.00	330,000.00	120,000.00	0.733333333
Fees from students	120,000.00	0	120,000.00	103,200.00	16,800.00	0.86
Sale of goods	83000	0	83,000.00	83,000.00	-	1
Total Receipts	653,000.00	0	653,000.00	516,200.00	136,800.00	0.79050536
Payments						
Use of goods and services	333,697.45	0	333,697.45	333,697.45	-	1
Employee costs	104,340.00	0	104,340.00	104,340.00	-	1

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

Board Expenses	8,000.00	0	8,000.00	8,000.00	-	1
Total Expenditure	446,037.45	0	446,037.45	446,037.45	-	1
Capital Expenditure payments		0				
Surplus	206,962.55	0	206,962.55	70,162.55	136,800.00	0.33901085

2. Notes to the Financial Statements

1. General Information

Kagwampungu Vocational Training Centre is established by and derives its authority and accountability from TVET'S Act. The entity is wholly owned by the County Government of Meru and domiciled in South Imenti sub-county. The entity's principal activity is training.

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 Kagwampungu's VTC 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 Kagwampungu,s VTC. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, *State Corporation Act*, 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

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	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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

	<p>IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46: Measurement</p>	<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>
<p>IPSAS 47: Revenue</p>	<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>

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

<p>IPSAS 48: Transfer Expenses</p>	<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>
<p>IPSAS 49: Retirement Benefit Plans</p>	<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>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <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>

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 . 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.

b) 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.

c. 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.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

i. Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the

asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

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

Financial liabilities

Classification

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

j. 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*.

j. 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.

i. 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.

j. 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*).

k. 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.

l. 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)*

m. 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.

n. 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.

o. 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.

p. 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.

q. Cash and cash equivalents

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

r. Comparative figures

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

s. 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).

6. Transfers from the County Government

Description	FY 2024/2025
	Kshs
Unconditional Grants	
Capitation Grants	450,000
Total unconditional Grants	450,000
Conditional Grants amortised/ recognised in revenue	
Total Government Grants and Subsidies	450,000

(b) Transfers from County Government (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year
	Kshs	Kshs	Kshs	Kshs
County Department for Education	450,000	0	0	450,000
Total	450,000	0	0	450,000

7. Fees from students

Description	FY 2024/2025
	Kshs
Tuition Fees	112,000.00
Registration Fees	12,000.00
Others (<i>Specify</i>)	-
Total Fees from students	120,000.00

The registration fee is constant for the new students (1st years) while the tuition fee is the total amount the school expected from the students for that financial year.

8. Sale of Goods

Description	FY 2024/2025
	Kshs
Other sales (sale of trees)	83,000
Total Revenue from Sale of Goods	83,000

This is the revenue from the sale of trees from the school farm.

9. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Teaching and learning materials	154,705.00
Examination fees	21,000.00
Catering, conferences, and delegations	19,610.00
Bank Charges	5,547.45
Printing and stationery	98,835.00
local travel	27,700.00
Other (Renewal of school registration certificate and co curriculum development)	9,700.00
Total good and services	337,097.45

10. Employee Costs

Description	FY 2024/2025
	Kshs
Salaries and wages	100,940.00
Employee Costs	100,940.00

11. Board Expenses

Description	FY 2024/2025
	Kshs
Other Allowances	8,000.00
Total	8,000.00

12. Cash and Cash Equivalents

Description	1-Jul-24	30-Jun-25
	Kshs	Kshs
Current Account	355,767.25	425,929.80
On - Call Deposits	0	
Fixed Deposits Account	0	
Others (Specify)	0	
Total Cash and Cash Equivalents	355,767.25	425,929.80

(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	1-Jul-24	30-Jun-25
		Kshs	Kshs
a) Current Account			
KCB Bank-Grants	1257670166	26,660.75	75,918.75
KCB-Bank-Ward fund	1277685851	301,062.50	301,062.50
Co-op Bank-operations	1129207040700	5,329.50	47,360.05
KCB Bank-Examination	1257165720	22,714.50	1,588.50
Sub- Total		355,767.25	425,929.80
Grand Total		355,767.25	425,929.80

14. Cash generated from operations.

	2024-2025
	Kshs
Surplus/(Deficit) for the year	206,962.55
Working Capital Adjustments	206,962.55
Increase in Receivables	(136,800)
Net Cash Flow from Operating Activities	70,162.55

14.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 Kagwanpungu VTC. The County Government of Meru has provided full guarantees to all, long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The County Government.
- ii) The Parent Department.
- iii) Board of Management;
- iv) Key management;

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

Description	FY 2024/2025
	Kshs
Transactions with Related Parties	
a) Grants /Transfers from the Government	
Grants from County Government	330,000.00
Total	330,000.00

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

Description	FY 2024/2025
	Kshs
b) Key Management Compensation	
Board of Management emoluments	8,000.00
Total	338,000.00

Current Receivables from Exchange transactions

Description	FY 2024/2025
	Kshs
Current Receivables	
Student Debtors	16,800
Total Current Receivables	16,800

15. Events After The Reporting Period

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

16. Currency

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

17. 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. No previous Auditor General's Recommendations are available				

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.

KAGWAMPUNGU VOCATIONAL TRAINING CENTRE
P. O. Box 793 - 60602, NKUBU
Date: 09.8.25 Sign: [Signature]

00602 NK...
Sign:...

Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025

... [Signature] ...

Name [Signature]
Principal/Manager
Kagwampungu Vocational Training Centre

KAGWAMPUNGU VOCATIONAL TRAINING CENTRE
P. O. Box 793 - 60602, NKUBU
Date: ... Sign: [Signature]

Appendix II- Inter-Entity Name Confirmation Letter

Name of transferring entity:..... County Government of Meru.....

of beneficiary entity:.....Kagwampungu Vocational Training Centre.....

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
FT25066B2LFC	27-Feb-2025	195,000.00		195,000.00	Capitation
FT250660S60J	27-Feb-2025	135,000.00		135,000.00	Capitation
Total		330,000.00		330,000 .00	

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

Head of Accounts Department - Disbursing Entity:

**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2023**

Name	Sign	Date
Head of Accounts Department - Beneficiary Entity:		
Name	Sign	Date.....

**Kagwampungu Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2025**

Appendix III: Reporting of Climate Relevant Expenditures

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

KAGWAMPUNGU VTC

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

Appendix IV: Reporting on Disaster Management Expenditure

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