


REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2026	DAY. WEDNESDAY
TABLED BY: BY:	Hon. DIDO RASO, MP ON BEHALF OF LOM
CLERK-AT THE-TABLE:	

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**ITHIMA VOCATIONAL
TRAINING CENTER**

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



ITHIMA VOCATIONAL TRAINING CENTER
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

B. Definition of key terms

Fiduciary management – The key personnel directly entrusted with the entities financial resources

Financial Statement – A set of documents that shows your institution status at a specific point in time

2. Key Entity Information and Management**(a) Background information**

The vocational was established under the TVET Act on 2016. The entity is domiciled in Kenya. The Vocational is under the County Government of Meru, Department for Education Science and technology. The vocational is located at akiriangondu ward, Igembe central sub county. The vocational get capitation from county government for buying training materials and equipment. The vocational was established in 1986 under the sponsorship of Methodist church in Kenya and registered by ministry of youth affairs on 17th June 2009. The vocational offers artisan courses.

(b) Principal Activities

The principal activity is to train marketable skills for a better future as we meet self – sustainability

Vision

To be a centre of excellence in quality training and nurturing the youth in becoming a person of character and make a different in their communities

Mission

To provide quality skills and youth empowerment.

Core values

Teamwork, integrity, hard work and loyalty and efficiency

(c) Key Management

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

- Board of Management
- Manager

(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	- Naftaly Mwenda Murithi

(e) Entity Headquarters

ITHIMA VOCATIONAL TRAINING CENTRE
P.O. BOX 68 -60601
LAARE, KENYA

(f)

Entity Contacts

Telephone: (254) 729314796
E-mail: ithimayp@yahoo.com
Website: ithimayouthpolytechnic.ac.ke

(g) Entity Bankers

EQUITY BANK- MAUA BRANCH

GENERAL OPERATION FEE A/C NO.0400291172462

KENYA COMMERCIAL BANK:

CAPITATION A/C NO. 1233950843

Independent Auditors




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





(h) Principal Legal Adviser

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

County Attorney
P.O Box 120-60200
Meru

3. The Board of Management

Member/ Director	Details
 <p>Name: Ann Kinya Nyumoo Profession: accountant Academic: Master of business administration</p>	<p>Date of birth : 1978 Qualification: Master of business administration Work experience: 13 years Position in BOG: CHAIRPERSON</p>
 <p>Name: John Mwiti Profession: teacher Academic: bachelor of education</p>	<p>Date of birth: 1982 Qualification: bachelor of education Work experience: 13 years Position in BOG: Vice chairperson</p>
 <p>Name: Mark Mugambi Kabaya Profession: Academic: form four</p>	<p>Date of birth: 1986 Qualification: form four Position in BOG: third signatory</p>

 <p>Name: Joyce kathure Ntongai Profession: Academic:: form four</p>	<p>Date of birth: 1983 Qualification: form four Work experience: 10 years Position in BOG: member</p>
 <p>Name: Rebecca Ntongai Profession: entrepreneur Academic: advanced certificate in business</p>	<p>Date of birth: 1965 Qualification: advanced certificate in business Work experience: 16 years Position in BOG: member</p>
 <p>Name; Taratisio Mwenda Profession: teacher Academic: primary teacher certificate</p>	<p>Date of birth: 1974 Qualification: primary teacher certificate Work experience: 20 years Position in BOG: member</p>
 <p>Name: Lenah Karimi Profession: Academic: bachelor of arts</p>	<p>Date of birth: 1998 Qualification: bachelor of arts Work experience: 2 years Position in BOG: member</p>

 <p>Name: Rebecca Kinya Profession: teacher Academic: bachelor of education arts</p>	<p>Date of birth: 1980 Qualification: bachelor of education arts Work experience :11 years Position in BOG: member</p>
 <p>Name: Editor kanario: Profession: teacher Academic: certificate in early childhood development</p>	<p>Date of birth: 1988 Qualification: certificate in early childhood development Work experience: 10 years Position in BOG: member</p>
 <p>Name: Joel Mwenda Mwakiria Profession: Trainer Academic: Diploma in technical education</p>	<p>Date of birth: 1988 Qualification: diploma in technical education Work experience: 14 years Position in BOG: secretary</p>

4. Key Management Team

S/N O	DESIGNATION	NAME
1.	Principal	Joel Mwenda Mwakiria

5. Chairman's Statement

I am pleased to present the annual report and financial statement of Ithima Vocational Training Centre for the year that ended June 30th 2025.

The demand for TVET programmes in the county 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 is to position Ithima VTC within the context of the market requirements, cost rationalization, equity and customer satisfaction.

During this 2024-2025 financial year, financial commitment was agreed towards physical development of the institute infrastructures, implementation of the vocational performance contracts which has sets out the process and timeframe of putting up various structures suited to give support to academic programmes being the core function of the institution.

The institution received capitation for the trainees. This funding has enabled the institution acquire equipment that will make it go a long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

The institution has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, 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 remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realize further development. The board is pleased with efforts of the Ithima VTC to ensure prudent management of resources and statutory requirement. I thank the government for its financial support so far that has made it possible to implement the Ithima VTC functions and programmes.

Finally, I wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.

Name: Ann Kinya Nyumoo

Signature: 

BOG CHAIRPERSON

6. Report of the Principal/Manager

Presented herein is the annual report and financial statement of Ithima vocational training centre for the year ended June 30th 2025 as per requirement of the public finance management Act of 2012 and public audit Act 2015.

(a) Academic programme

During the financial year under review the vocational had 9 courses academic programmes namely

1. Motor vehicle technology
2. Building Technology
3. Information Communication Technology
4. Food processing technology
5. Metal processing & plumbing
6. Hairdressing & beauty Therapy
7. Electrical wiring & electronics Technology
8. Carpentry & joinery
9. Fashion design & knitting

b. Student population

The institution had a population of 176 the number is expected to raise to 300 trainees This will be achieved through

- ✓ Marketing of the vocational
- ✓ Improved internal and external academic performance

Performance contract

In the financial 2024/2025, the institution made the following achievements

- Cctv installations
- Participated in meru agriculture show

Challenges faced

- Low enrolment
- debts from students

NAME: JOEL MWENDA

SIGNATURE.....

MANAGER/BOG SECRETARY

7. Statement of Performance against Predetermined Objectives

In this period the Vocational Centre has managed to procure training materials in various departments.

Ithima VTC has 8 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024 - FY 2025. These strategic pillars are as follows:

- Pillar 1: To increase enrolment to 400 trainees
- Pillar 2: To collect 100% of school fees.
- Pillar 3: To put up girls dorm
- Pillar 4: To complete the incomplete buildings
- Pillar 5: To complete rehabilitation and improvement of the old dormitories
- Pillar 6: To purchase a mini bus
- Pillar 7: To construct administration block
- Pillar 8: To upgrade staff quarters and sanitation

Ithima develops its annual work plans based on the above 8 pillars. Assessment of the Board's performance against its annual work plan is done on a termly basis. The vocational achieved its performance targets set for the FY 2024/2025 period for its 8 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: To increase enrolment to 400 trainees	increase enrolment to 400 trainees	Admission book Registers	Road show Placing of posters in market places	Not achieved
Pillar 2: To collect 100% of school fees.	To collect 100% of school fees.	Cash flow Fees registers Monthly finance report Annual audit report	Collection of fees	Not achieved
Pillar 3: To put up girls dorm	To put up girls dorm	Project report	funds	Not achieved
Pillar 4: To complete the incomplete buildings	To complete the incomplete buildings	Project report	funds	Not achieve
Pillar 5: To complete rehabilitation and improvement of the old dormitories	To complete rehabilitation and improvement of	Project report		Not achieved

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

	the old dormitories			
Pillar 6: To purchase a mini bus	To purchase a mini bus	report		Not achieved
Pillar 7: To construct administration block	To construct administration block			Not achieved
Pillar 8: To upgrade staff quarters and sanitation	To upgrade staff quarters and sanitation	Project report		5 houses renovated

8. Corporate Governance Statement

- i. **Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter**

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 nine (9) names of nominees for the appointment by the CEC(M) from persons under the following categories:

- i) **Two representatives from the Religious Entity. In case the VTC has no Religious Entity, then a representative of the Sub-County Education Board will nominate.**
- ii) **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.**
- iii) **Two youth leaders (a male and a female) representing the interests of the youth.**
- iv) **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.**
- v) **One person representing the local jua kali or industry and commerce sector. Such representative should be able to facilitate linkages between the VTC and the local jua kali or industry and commerce sector particularly on attachment.**
- vi) **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.**

In identifying the (9) nominees, the nomination panel will be required to ensure no single gender shall constitute more than two thirds of the total number of the Board of Governors. Persons appointed to the board should be people who have keen interest in promoting the youth by developing their skills and talents.

The VETO should convene a nomination panel consultative meeting within fourteen (14) days after constituting the panel. During this meeting, the panel members should be briefed on the nomination process including the categories of persons they are expected to nominate as Vocational Training Centres Boards of Governors as prescribed in part

The VETO should convene a Vocational Training Centres Board of Governors nomination panel meeting after the expiry of the thirty (30) days given to panel members.

The meeting should discuss the different proposed names and nominates the list of people to be appointed as members of Vocational Training Centres Board of Governors.

The VETO should submit to the CEC (M) within the fourteen (14) days after the BOG nomination panel meeting, the list of people to be appointed as members of Vocational Training Centres Board of Governors. The list should be accompanied with the minutes of the nomination panel meeting and the Curriculum Vitae of the nominated members.

Members of the Vocational Training Centres Board of Governors shall be appointed in writing by the CEC (M) in charge of Education and Technology.

Members appointed to the board shall confirm their acceptance in writing to the CEC (M) within fourteen (14) days.

ii. Roles and functions of the board

- (a) Promote the best interests of the Institution and ensure its development,
- (b) Promote quality education and training for all trainees in accordance with the set standards,
- (c) Develop a strategic plan for the institution,
- (d) Provide proper and adequate physical facilities for the institution,
- (e) Create an enabling environment for the institution's manager/principal, instructors and other staff of the institution in the performance of their professional duties,
- (f) Manage all affairs of the Institution in the accordance with the laid down procedures,
- (g) Advise the Department on the staffing needs of the institution,
- (g) Make recommendations for appointment of instructors at the institution,
- (h) Recruit, employ and remunerate such number of instructors as may be required by the Institution subject to the provisions of the law,
- (I) In consultation with the Quality Assurance and Standards Officers, ensure effective curriculum implementation and delivery,
- (j) Ensure the trainees are presented for examination and assessments,
- (k) Prepare annual estimates of revenues and expenditure for the institution and incur expenditure on behalf of the institution,
- (L) Receive, on behalf of the institution: - Fees, grants, subscriptions, donations or other monies and to make payments to the Institution or other bodies or persons in accordance to the relevant law,
- (m) Mobilize resources for the purposes of the institution subject to the provisions of the Public Financial Management Act, 2012, and any other relevant laws,
- (n) Enter into association with other local or international training institutions in the interests of the institution with the approval of the relevant authority,
- (o) Continuously monitor instructors in terms of curriculum implementation and delivery conduct of examinations and assessments in the institution,
- (p) Adopt a code of conduct for the staff and trainees, determines cases of discipline and make reports to the Department of Education and Technology,
- (q) Prepare a comprehensive annual report on all areas of its mandate including education, training and research services and submit the same to the Department,
- (r) Provide for the welfare and safety of the staff and trainees at the Institution,
- (s) Facilitate and ensure the provision of guidance and counselling to all trainees,
- (t) Encourage the community, parents, trainees, staffs and other stakeholders to render voluntary services to the Institutions,
- (u) Upon request, approve the use of the Institutional facilities for educational, training and research programmes not conducted by the institution either for free or on hire.
- (v) Recruit, employ and remunerate such number of non-teaching staff as may be required by the institution in accordance with the Employment Act, and
- (w) Perform any other function to facilitate the implementation of its functions under these guidelines or any other written law.

iii. Induction, training, and development

- The board members attend a capacity building before their term begins.

iv. Board and members performance

The composition of boards of management members shall be as follows:

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 BOG's meeting. These members will be drawn from the parents' instructors Association (PIA).
 8. **Vocational Education and Training Officer as an ex-officio Board member.**
 9. **The VTC manager who is the secretary to the board.**
- v. Number of Board meetings held and the attendance to those meetings by members
- **The board shall hold not less than three (3) ordinary meetings each year. The quorum at any meeting shall be two thirds (2/3). Questions before the Board shall be decided by the votes of the majority members present and voting.**
- vi. Succession plan
- **They prepare the strategic plan which guides the development of the institution**
- vii. **Board remuneration**
- **Remuneration of board is allowance they get when they have a meeting.**
- viii. **Terms of Reference of Committees**
- i) **The term of office for the board is three (3) years and is eligible for re-appointment for one more term.**
 - ii) **The board shall hold not less than three (3) ordinary meetings each year. The quorum at any meeting shall be two thirds (2/3). Questions before the Board shall be decided by the votes of the majority members present and voting.**
 - iii) **The chairperson may convene a special meeting of the full board at any time and may do so at the request of the Vocational Education and Training Officer.**
 - iv) **The board may invite government officers or other persons when need arises. Such persons will attend as ex-officio/in attendance without any voting powers.**
 - v) **In the absence of the chairperson, the vice-chairperson shall be the chairperson for that particular meeting only.**
 - vi) **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 a board member.**
 - vii) **Any vacancy occasioned by the resignation or death of a board member shall be filled by the entity responsible for his/her nomination and will hold office for the remaining term.**

9. Management Discussion and Analysis

The BOG of the vocational has been very supportive to the management and has fully performed its oversight role in whole. The management team is well constituted with the principal being the team leader.

10. Environmental And Sustainability Reporting Statement

At Ithima vocational training centre sustainability is not just a policy it's a principle that guides our operations, curriculum, and community engagement, social responsibility and economic resilience

i. Sustainability strategy and profile

Ithima vocational training centre is a learning organisation under the county government of Meru. In department of education, science and arts. In her commitment to produce skilled manpower that fits in the job market, the vocational has continued to comply with the ministry of Education guidelines and policies. The vocational has identified the potential of the community as key in realizing the growth of vocational. The vocational has therefore engaged the community through continuous sensitization on the TVET courses and the support given by government through capitation. The vocational has reached out to the stakeholders and the political leaders for support in all aspects in the running of the vocational through community meetings and upholding support fees payment through the county and CDF bursaries. The vocational has continued to engage with the industry to allow linkage for trainees to the industry for industrial attachments.

ii. Environmental performance

Ithima vocational training centre is committed to reducing its impact on the environment. We strive to improve our environmental perform. Our commitment is to

1. Comply with all applicable environment al regulations
2. Prevent pollution whenever possible

iii. Employee welfare

The vocational has the following procedure of hiring employees. The board identifies the vacancies by analysis of the key responsibilities and duties that ought to be done and the staff are not available or adequate. The board then advertises for the position and invites qualified candidates to apply. On applications, shortlisting of done. Qualified persons are contacted to attend interviews through telephone calls. The panel engages all interviewees and allocates mark as per the score sheet. The panel the discuss the scores and averages for the best candidates to be approved. Once staff are engaged, they are taken through orientation where the responsibilities are outlined.

iv. Marketplace practices-

The Vocational Training centre has established norms or values to guide the performance of the training centre

The institution has engaged the community through sensitization on TVET courses offered and the support given by the county government. The Vocational centre also involved the politicians by lobbying for finances through awarding of bursaries to assist the needy trainees

The Vocational centre pays all suppliers in good time which creates a good relationship and in return they supply goods and services without fear even when the VTC has no finances.

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 conduct training at tertiary level in vocational training centre
- To foster linkages with industry for promotion of quality and relevant training
- To undertake income generating activities
- To promote the best interest of institution and ensure its development.
- To promote quality training for all trainees in accordance with set standards.
- To work in accordance with developed strategic plan for the institution
- To provide proper and adequate physical facilities for the institution
- To Manage all the general affairs of the institution in accordance with laid down procedures
- To Advise the management on training needs of the institution
- To Create an enabling environment for all employees in the institution

Board of Management

The members of the board who served during the year are shown on page vto vii.

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



Secretary of the Board

Date: 3/12/2025

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 Ithima VTC, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Board of Management are also responsible for safeguarding the assets of the entity.


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

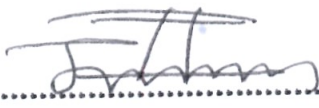
The Board of Governors accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and TVETA act 2013 section 20 (1). The Board of Governors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal/Manager has assessed the entity's ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the entity 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 entity's financial statements were approved by the Board on 31/12/2025 2025 and signed on its behalf by:


.....
Name Ann Kinya
Chairperson of the Board


.....
Name Joel Mwenda Mwakiria
Principal/Manager

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON ITHIMA VOCATIONAL TRAINING CENTER 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 Ithima Vocational Training Center set out on pages 1 to 26, which comprise of the statement of financial position as

Report of the Auditor-General on Ithima Vocational Training Center for the year ended 30 June, 2025

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 Ithima Vocational Training Center as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unreconciled Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,576,192 as disclosed in Note 14 to the financial statements. Audit revealed that the bank balances were not supported by bank reconciliation statement.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.2,576,192 could not be confirmed.

2. Unreconciled Variance Between Financial Statement and the Supporting Schedules

The statement of financial performance reflects amounts and balances which differ with the supporting schedules as detailed below;

Component	Figure as per Financial Statement (Kshs.)	Figure as per Ledger (Kshs.)	Variance (Kshs.)
Teaching and Learning materials	2,632,230	69,750	2,562,480
Industrial attachment costs	67,051	-	67,051
Electricity	60,160	32,051	28,109
Water	45,000	49,960	(4,960)
Advertising	321,400	45,000	276,400
Examination fees	622,030	321,400	300,630
Catering and accommodation	336,600	676,420	(339,820)
Hire charges	14,928	9,300	5,628
Training expenses	238,700	-	238,700

Report of the Auditor-General on Ithima Vocational Training Center for the year ended 30 June, 2025

Component	Figure as per Financial Statement (Kshs.)	Figure as per Ledger (Kshs.)	Variance (Kshs.)
Board Expenses	122,140	-	122,140
Repairs and Maintenance	124,050	-	124,050
Others	275,962	-	275,962
Total	4,860,251	1,203,881	3,656,370

The variances have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the respective amounts in the statement of financial performance could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.9,517,750 and Kshs.5,264,430 respectively, resulting to an under-funding of Kshs.4,253,320 or 45% of the budget. However, the Centre spent a balance of Kshs.6,017,537 against actual receipts of Kshs.5,264,430 resulting to an over-utilization of Kshs.753,107 or 14% of actual receipts.

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 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 xix 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 Board of governors, Statement of Board of governors 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, 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. Lack of a Procurement Plan

The statement of financial performance reflects an amount of Kshs.5,264,430 and Kshs.6,018,619 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.

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

Management did not provide documentary evidence to confirm that the Centre 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.

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 effects of the matter 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

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), Regulations 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 effectiveness of the risk management process and internal controls 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 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

04 December, 2025

JTHIMAVTC**Annual Report and Financial Statements for the year ended 30th June 2025****14. Statement of Financial Performance For The Year Ended 30 June 2025**

	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	3,224,000
Transfers from National Government Entities	7	79,000
		3,303,000
Revenue from Exchange transactions		
Fees from students	8	4,554,325
Revenue from Exchange transactions		4,554,325.00
Total Revenue		7,857,325.00
Expenses		
Use of goods and services	9	4,767,102
Employee costs	10	1,058,635
Board Expenses	11	122,140
Depreciation and amortization expense	12	1,083
Repairs and maintenance	13	124,050
Total Expenses		6,073,010
Net surplus for the year		1,784,315

(The notes set out on pages 16 to 21 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:



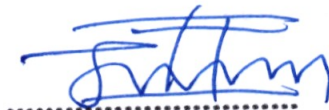
Name Ann Kinya
Chairman of Board

Date 3/12/2025



Name: Faithjolly Muriuki
Accountant
ICPAK No: 15812

Date 3/12/2025



Name Joel Mwenda Mwakiria
Principal/Manager

Date 3/12/2025

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

Description	Notes	FY 2024/2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	14	2,576,192
Current portion of receivables from exchange transactions	15(a)	2,592,895
Inventories	16	334,570
Total Current Assets		5,503,657
Non-Current Assets		
Property, plant, and equipment	17	63,917
Total Non-Current Assets		63,917
Total Assets (A)		5,567,573
Liabilities		
Total Liabilities (B)		-
Net Assets (A-B)		5,567,573
Represented By:		
Accumulated Surplus		5,567,573
Capital Fund		-
Total Net Assets		5,567,573

The Financial Statements set out on pages 2 were signed by:


 Name: Ann Kinya
 Chairman of Board

Date 3/12/2025


 Name: Faithjolly Muriuki
 Accountant
 ICPAK No: 15812

Date 3/12/2025


 Name: Joel Mwenda Mwakiria
 Principal/Manager

Date 3/12/2025

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(current year)	-	3,783,258	-	3,783,258
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,784,315	-	1,784,315
Capital grants received during the year	-	-	-	-
At June 30, 2025	-	5,567,573	-	5,567,573

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

Description	Note	FY 2024/2025
		Kshs
Cashflowsfromoperatingactivities		
Receipts		
Transfers from County Government		3,224,000
Transfers from National Government entities		79,000
Publiccontributionsanddonations		
Fees from students		1,961,430
Total Receipts		5,264,430
Payments		
Use of goods and services		4,767,102
Employee costs		1,058,635
Board Expenses		122,140
Repairsandmaintenance		124,050
Total Payments		6,071,927
NetCashFlowsfromoperatingactivities	18	1,785,399
Cash flows from investing activities		
Purchase of property, plant, and equipment		(65,000)
Purchase of intangible assets		-
Proceeds from the sale of property, plant, and equipment		-
Netcashflowsusedininvestingactivities		(65,000)
Cashflowsfromfinancingactivities		
ProceedsFromBorrowing		-
RepaymentofBorrowings		-
Netcashflowsusedinfinancingactivities		-
NetIncrease/(Decrease)inCashandCash equivalents		1,850,399
Cash&Cashequivalentsat the beginning (1 st July)		3,394,298
Cash& Cashequivalents at the end. (30 th June)	14	2,576,192

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

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from County Government	2,934,000	-	2,934,000	3,224,000	(290,000)	110%
Grants from donors and development partners						-
Transfers from National Government entities	-	-	-	79,000	(79,000)	0%
Fees from students	6,583,750	-	6,583,750	4,554,325	2,029,425	69%
Total Receipts	9,517,750	-	9,517,750	7,857,325	1,660,425	83%
Payments						
Use of goods and services	6,570,930	-	6,570,930	4,767,102	1,803,829	73%
Employee costs	1,574,500	-	1,574,500	1,058,635	515,865	67%
Board Expenses	275,000	-	275,000	122,140	152,860	44%
Repairs and maintenance	1,032,320	-	1,032,320	124,050	908,270	12%
Total Expenditure	9,452,750	-	9,452,750	6,071,927	3,380,824	64%
Capital Expenditure payments	65,000	-	65,000	65,000	-	100%
Surplus	-	-	-	1,785,399	(1,785,399)	0%

19. Notes to the Financial Statements**1. General Information**

Ithima VTC entity is established by and derives its authority and accountability from Act. The entity is wholly owned by the County Government of Meru and domiciled in Igembe central sub-county. The entity's principal activity is instilling vocational skills to the youth.

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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Adoption of New and Revised Standards

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.

i. 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 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

ii. Early adoption of standards

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

4. Summary of Significant Accounting Policies**a) Revenue recognition****i) Revenue from non-exchange transactions****Transfers from other government entities**

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

ii) Revenue from exchange transactions**Rendering of services**

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board . 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. 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 of the 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) 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) 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.* 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 fairvalue 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.

i) 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.

k) 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

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

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.

l) 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.

m) 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. (

n) 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.

o) 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.

p) 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.

q) 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.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) 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.

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

- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

6. Transfers from the County Government

Description	FY 2024/2025
	Kshs
Unconditional Grants	
Capitation Grants	2,934,000
Operational Grant	-
Unconditional Development grants	-
Other Grants	290,000
Total unconditional Grants	3,224,000
Total Government Grants and Subsidies	3,224,000

(b) Transfers from County Government (Categorized)

COUNTY GOVERNMENT OF MERU	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	3,224,000	-	-	3,224,000
Total	3,224,000	-	-	3,224,000

7. Transfers from National Government entities

Description	FY 2024/2025
	Kshs
Transfer from Ministry of National Treasury & Planning (NG-CDF)	79,000
Other transfers (specify)	-
Total Transfers	79,000

8. Fees from students

Description	FY 2024/2025
	Kshs
Tuition Fees	1,946,330
Examination Fees	14,950
Registration Fees	150
Others (Specify)	-

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Total Fees from students	1,961,430
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9. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Teaching and learning materials	2,632,230
Industrial attachment costs	-
Electricity	67,051
Water	60,160
Advertising	45,000
Examination fees	321,400
Catering, conferences, and delegations	676,420
Travelling and accommodation	336,600
Printing and stationery	60,150
Hire charges	14,928
Telephone expenses	29,200
Internet expenses	9,300
Training expenses	238,700
General expenses	275,963
Total good and services	4,767,102

10. Employee Costs

Description	FY 2024/2025
	Kshs
Salaries and wages	944,380
Employee related costs - contribution to pensions and medical aids	114,255
Employee Costs	1,058,635

11. Board Expenses

Description	FY 2024/2025
	Kshs
Other Allowances	113,500
Other Board Expenses	8,640
Total	122,140

12. Depreciation and Amortization expense

Description	FY 2024/2025
	Kshs
Property, plant and equipment	1,083
Intangible assets	-
Investment property carried at cost	-
Total Depreciation & amortization Expense	1,083

13. Repairs and Maintenance

Description	FY 2024/2025
	Kshs
Equipment and machinery	124,050
Total Repairs and Maintenance	124,050

14. Cash and Cash Equivalents

Description	FY 2024/2025
	Kshs
Current Account	2,576,189
Cash in Hand	3
Total Cash and Cash Equivalents	2,576,192

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

Financial Institution	Account number	FY 2024/2025
		Kshs
a) Current Account		
Kenya Commercial Bank	1233950843	2,508,421
Equity Bank	0400291172462	65,360
Equity Bank	0400293981433	2,293
Equity Bank	0400297466820	115
Sub- Total		2,576,189
b) Others (Specify)		
Cash in Hand		3
Sub- Total		3
Grand Total		2,576,192

15. Receivables from Exchange transactions**15(a) Current Receivables from Exchange transactions**

Description	FY 2024/2025
	Kshs
Current Receivables	
Student Debtors	2,592,895
Total Current Receivables	2,592,895

15 (b) Ageing Analysis of Receivables from Exchange Transactions

Description	FY 2024/2025	
	FY 2024/2025	% of the total
Less than 1 year	2,592,895	100%
Total (a+b)	2,592,895	100%

16. Inventories

Description	FY 2024/2025
	Kshs
Consumable stores	277,960
Maintenance stores	13,700
Health Unit stores	-
Electrical stores	23,350
Cleaning Materials stores	-
Catering stores	19,560
Less: Impairment allowance	-
Total Inventories at lower of Cost and Net Realizable Value	334,570

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Detailed Disclosure on Inventories

	FY 2024/2025
Opening balance	-
Additional Inventory in the year	2,632,230
Inventory expensed in the year	2,297,660
Write-downs in the year	-
Others specify	-
Closing balance	334,570

17. 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
Depreciation Rate				10%					
At 1st July 2024			-	-	-	-	-	-	-
Additions	-	-	-	65,000	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
At 30th June 2025			-	65,000	-	-	-	-	-
Depreciation And Impairment									
At 1st July 2024			-	-	-	-	-	-	-
Depreciation	-	-	-	1,083	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
At 30th Jun 2025				1,083	-	-	-	-	-
Net Book Values									
At 30th Jun 2024			-	65,000	-	-	-	-	-
At 30th Jun 2025			-	63,917	-	-	-	-	-

18. Cash generated from operations.

	FY 2024/2025
	Kshs
Surplus/(Deficit) for the year	1,784,315
Adjusted for:	
Depreciation	1,083
Non-Cash grants received	-
Contributed assets	-
Impairment	-
Gains and Losses on Disposal of Assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Finance Income	
Finance Cost	
Working Capital Adjustments	
Increase in Inventory	-
Increase in Receivables	-
Increase in Deferred Income	-
Increase in Payables	-
Increase in Payments received in advance	-
Net Cash Flow from Operating Activities	1,785,399

19. 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 minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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 2025				
Receivables from exchange transactions	2,592,895	2,592,895	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,576,189	2,576,189	-	-
Total	5,169,084	5,169,084	-	-

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

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

(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 optimising 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 endeavoured to bank with institutions that offer favourable interest rates.

20. 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 Ithima 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;

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

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

Description	FY 2024/2025
	Kshs
Transactions with Related Parties	
a) Grants /Transfers from the Government	
Grants from County Government	3,224,000.00
Total	3,224,000.00
b) Key Management Compensation	
Board of Management emoluments	122,140
Total	122,140.00

21. Events After The Reporting Period

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

22. Currency

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

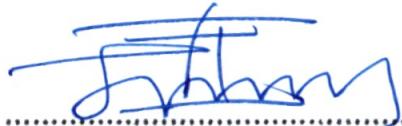
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Annual Report and Financial Statements for the year ended 30th June 2025

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The entity is reporting for the first time thus no previous audit queries.



Name Joel mwendu mwakiringa
Principal/Manager

Date 3/12/2025

ITHIMA VTC

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

Appendix II- Inter-Entity Confirmation Letter


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

Name of beneficiary entity: ... Ithima VTC


Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)				
Reference Number	Date Disbursed	Recurrent (A)	Total (C)=(A+B)	Remarks
	26-feb-2025	1,260,000.00	1,260,000.00	
	26-feb-2025	1,674,000.00	1,674,000.00	
Total		2,934,000.00	2,934,000.00	

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

Head of Accounts Department - Disbursing Entity:

Name DOUGLAS KOBIA DONAZIANG Sign  Date 3/12/2025

Head of Accounts Department - Beneficiary Entity:

Name Joel mwenda mwakira Sign  Date 3/12/2025

