

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 08 APR 2026

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WEDNESDAY

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BY:

HON. DADO RASO, MP

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ON BEHALF OF LOM

J. LEMERELLE

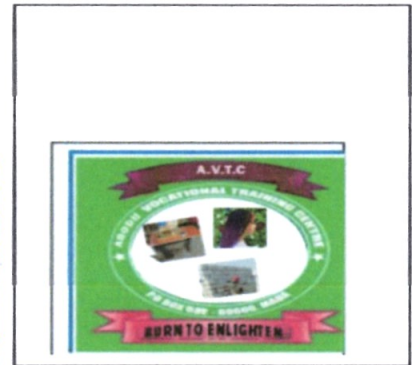
## THE AUDITOR-GENERAL

ON

## ABODII MUTONTO VOCATIONAL TRAINING CENTRE

## FOR THE YEAR ENDED 30 JUNE, 2025

*Revised 30th June 2025*



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**ABODII MUTONTO VOCATIONAL TRAINING CENTRE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

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

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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   | <b>Public Finance Management</b>                   |
| PSASB | Public Sector Accounting Standards Board           |
| VTC   | Vocational Training College                        |

**2. Key Entity Information and Management**

**(a) Background information**

The Abodii Mutonto Vocational centre is found in Kiguchwa ward, Tigania sub county and Meru County.

It was started in 2016 by the local community, it is located in land owned by the council of Meru and initially it was intended to be a tea buying centre but due to its size it could not accommodate the factory with the intervention of the local leaders they proposed to build a vocational training centre. It is located in a 3 acres of land. It was registered in 2018 to offer training in garment making, Masonry, carpentry and Joinery and hair dressing and beauty therapy. It is located 5Km from Mikinduri town along Mikinduri\_Maua highway.

In the year 2020 TVETA authority visited Abodii Mutonto Vocational centre to do an assessment for the purpose of VTC registration and licensing of courses. It was a certificate in 2021

**(b) Principal Activities**

The principal activity/mission/ mandate of the entity is to equip trainees with market tailored skills to enhance National growth and self-reliance. The institution is guided by its vision to be a model youth polytechnic offering, vocational skills in the region.

- **Vision**

To produce people with empowered technological skills and services

- **Mission**

Training people with skills to become self-reliant in future

- **Core Values**

Our operation is governed by a set of core values that governs them and direct them to meet their daily objectives

**(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                          | <b>Peter Mwaki Kithinji</b> |
| 2.  | Deputy Principal/Assistant Manager Finance | <b>Faith Joy Kathomi</b>    |

**Key Entity Information and Management (Continued)**

**(e) Fiduciary Oversight Arrangements**

|                                    |  |
|------------------------------------|--|
| Audit and risk committee           | Reviews audit reports; monitors risk registers, ensures compliance, and conducts quarterly risk assessments.                         |
| Financial and Operations Committee | Oversees budget preparation and execution, reviews financial statements, approves procurement plans, and monitors asset management.  |
| Academic committee                 | Monitors curriculum implementation, approves new programs, ensures academic quality, and coordinates industrial attachments          |
| Development committee              | Manages donor-funded projects, ensures compliance with partner agreements, prepares progress reports, and conducts joint evaluations |

**(f) Entity Headquarters**

MIKINDURI  
P.O. Box 1825-60200  
MIKINDURI, MERU KENYA

**(g) Entity Contacts**

Telephone: (254 724279913  
E-mail: [Abodimutontovtc@gmail.com](mailto:Abodimutontovtc@gmail.com)

**(h) Entity Bankers**

Kenya Commercial Bank  
Meru Branch  
Account number: 1288417454

**(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)

## 3. The Board of Management

| <i>Member/ Director</i>  | <i>Details</i>  |
|--|---|
|  <p>Name: John Mukira<br/>Profession: former MCA<br/>Academic: A Level</p>              | <p>Date of birth: 1958<br/>Qualification: p1 teacher<br/>Work experience: retired<br/>Position in BOG: chairman</p>                                 |
|  <p>Name: Peter Mwaki Kithinji<br/>Profession: BOG secretary<br/>Academic :O Level</p> | <p>Date of birth :1978<br/>Qualification: Diploma in technical education<br/>Work experience:20 years<br/>Position in BOG: principal</p>            |
|  <p>Name: Elijah Kaberia<br/>Profession: Teacher<br/>Academic: A level</p>            | <p>Date of birth: 1957<br/>Qualification: Diploma in education<br/>Work experience:30 years<br/>Position in BOG: vice chairman</p>                  |
|  <p>Name :lydia kimenchu</p>  | <p>Date of birth: 1978<br/>Qualification: Diploma in education<br/>Work experience:20 years<br/>Position in BOG: Member<br/>Profession: Teacher</p> |

**ABODII MUTONTO VOCATIONAL TRAINING CENTRE**


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|  |  |
|--|--|
|  <p>Name: Faith joy Kathomi<br/>Profession: Instructor<br/>Academic level</p>     | <p>Date of birth: 1979<br/>Qualification: diploma in fashion design<br/>Work experience: 18 years<br/>Position in BOG: Member</p>              |
|  <p>Name: Judy Kagweria<br/>Profession: Business woman<br/>Academic: o level</p> | <p>Date of birth: 1992<br/>Qualification diploma in Agriculture<br/>Work experience: 5 years<br/>Position in BOG: 3<sup>rd</sup> signatory</p> |
|  <p>Name: Francis Thairu<br/>Profession: Preacher<br/>Academic: A level</p>     | <p>Date of birth: 1974<br/>Qualification: Diploma in Theology<br/>Work experience: 20 yrs<br/>Position in BOG: Member</p>                      |
|   | <p>Date of birth: 1972<br/>Qualification: Diploma in theology<br/>Work experience: 15 years<br/>Position in BOG: Member</p>                    |

**ABODII MUTONTO VOCATIONAL TRAINING CENTRE**  
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|   |  |
|---|--|
| <p>Name: Salesio miriti<br/>         Profession: preacher<br/>         Academic: A level</p>  |  |
|  <p>Name: REV David kanyiri<br/>         Profession: Preacher<br/>         Academic level</p>      | <p>Qualification; Diploma in theology<br/>         Work experience: 14 years<br/>         Position in BOG: Member</p>                          |
|  <p>Name; Joseph kobia<br/>         Profession; Member<br/>         Academic A level</p>          | <p>Work experience: Retired<br/>         Position in BOG: Member</p>   |
|  <p>Name: Meded Mwenda</p> <p>Profession:</p> <p>Photographer<br/>         Academic: A level</p> | <p>Date of birth: 1996<br/>         Qualification: Photographer<br/>         Work experience: 5 years<br/>         Position in BOG: Member</p> |

**4. Key Management Team**

|           |   |  |
|-----------|---|--|
| <p>1.</p> |  <p><b>Name:</b> Peter Mwaki Kithinji<br/><b>Profession:</b> BOG secretary<br/><b>Academic :</b> O Level</p> | <p><b>Date of birth :</b> 1978<br/><b>Qualification:</b> Diploma in technical education<br/><b>Work experience:</b> 20 years<br/><b>Position in BOG:</b> principal</p> |
|-----------|---|--|

### **5. Chairman's Statement**

(It is my pleasure to present Abodii Mutonto vocational training centre financial statement for the financial year ended 30<sup>th</sup> June 2025. The schools board votes **with appreciation** the continued support of county government and other stakeholders in running **the institution** are determined in offering quality training to our youth to ensure that their self-reliance in their areas of specialization. the institution is in dire need of classrooms to accommodate the existing courses because both first year and second share the same class which inconveniences the school schedule and their smooth learning

During the financial year 2024/2025 the new board of management as achieved various projects among them

- . Planting of avocado trees donated by the county government of Meru
- Procured training materials using the conditional grants fund.
- The school gate was put in place to aid the security and aesthetic value of the school
- The school farm was properly utilized whereby maize was planted to support the school feeding programme

The institute has faced numerous challenges attributed to;

- . Poor fees payment, the trainees are unable to pay fees thus hindering smooth running of daily activities
- Delayed release of capitation from the county government thus hindering the purchase of training materials
- High competition from the nearby training institution. these institute as low as a class eight student thus disadvantaging the vocational centre.
- There is a shortage of instructors in the institution. The instructor is forced to handle both the first year and second year thus affecting his or her ergonomic factor.so there is need of addition of instructors. During the year the institution held 6 physical BOM meetings which was very vital as the BOM members were newly inaugurated.

I finally thank all the stakeholders to their continued support especially the County Government of Meru for its wavering support as we strive to achieve our objectives.

Way forward

- introduce more courses and also incorporate short courses like welding, electric and electronics
- add and modify infrastructure

**ABODII MUTONTO VOCATIONAL TRAINING CENTRE**  
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JOHN MUKIRA KOBIA



Chair of the Board of Governor.

**ABODII MUTONTO VOCATIONAL TRAINING CENTRE**  
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**6. Report of the Principal/Manager**

**ABODII VOCATIONAL TRAINING CENTRE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

I am pleased to present the Annual report and Financial Statements of Abodii Vocational Centre for the financial year ended 30th June, 2025. Abondii Vocational centre is an academic institution committed in generating and transmitting knowledge, skills and right attitudes through Technical, Innovation and vocational for self-reliance of our trainees and bridge the skill gap in the market.

**Academic and Student affairs**

During the financial year under review, the centre had the following trainees

| S/NO         | PROGRAM            | GENDER | ENROLMENT |
|--------------|--------------------|--------|-----------|
| 1            | MASONARY           | MALE   | 9         |
| 2            | FASHION AND DESIGN | FEMALE | 5         |
| 3            | HAIR DRESSING      | FEMALE | 4         |
| <b>TOTAL</b> |                    |        | <b>18</b> |

| S/NO          | TRADE              | MALE      | FEMALE    | ENROLLMENT |
|---------------|--------------------|-----------|-----------|------------|
| 1             | MASONARY           | 10        | 10        | 10         |
| 2             | FASHION AND DESIGN | 1         | 4         | 5          |
| 3             | HAIR DRESSING      | 0         | 6         | 6          |
| <b>TOTALS</b> |                    | <b>11</b> | <b>10</b> | <b>21</b>  |

**VTC Infrastructure**

Abodii vocational training centre has achieved the following projects

- Construction of school gate which is complete
- Construction of firewood store
- Construction of school chimney
- Fencing of some part of school compound

The school is in the progress of connecting the school to the power grid whereby wiring to one of the workshops which was completed.

**Administration and Staffing**

The institute has two instructors employed by the county government. It also as one instructor employed by the B.O.G The school also as support staff which includes one watchman and cook

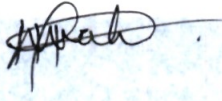
**Financial Sustainability**

I express my sincere gratitude to the county government of meru which has supported the institution by disbursing capitation amounting to 432,000. Finally, I thank the local community our banker suppliers and other service providers for their support and cooperation.

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

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Peter Mwaki



**Principal/Secretary of the board**

I am pleased to present the annual report and financial statement for Abodii Vocational Training Centre for the year ended June 30<sup>th</sup> 2025

**7. Statement of Performance against Predetermined Objectives**

| <b>Strategic Pillar</b>                   | <b>Objective</b>   | <b>Key Performance Indicators</b>                                    | <b>Activities</b>   | <b>Achievements</b>  |
|---|--|--|---|--|
| 1 Trainees enrolment                      | To increase trainee enrolment from 25 to 35  | Trainee enrolment increased from 25 to 39                            | Advertising school in churches and chief barazas                | All trainees were awarded bursaries by the county government   |
| 2 Infrastructure                          | To construct school gate   | Budget for school gate in place                                      | Procuring materials from suppliers to construct the gate        | The project is complete  |
| 3 Student welfare                         | To promote health and wellbeing through provision of balanced diet and straightening of sports | Students' health improved and no common complaints from the trainees | Constructed chimney in the location and procured balls and nets | Participated in Meru County ball games   |
| 4 training and environmental conservation | To utilize the school fees by planting maize and planting trees to conserve environment        | Maize planting in the school farm number of trees planted annually   | Planting maize planting trees                                   | Maize planted six bags were harvested planted 30 avocado seedlings, planted 20 gravillea trees during national planting days |

## **8. Corporate Governance Statement**

### **(The Role of Board of Governors)**

The Board of Governors (BOG) is a body of people nominated by the community and other stakeholders to guide and manage the affairs of a Vocational Training Centre on behalf of the County Executive Committee Member (CEC(M)). The board is entrusted by the community to be the main decision maker on all management matters pertaining the institution.

It is composed of the nominated members of the community, parents' representatives and persons interested in contributing to the Vocational Training Centres in their personal capacities or as ex official members.

### **Structure Of Nomination Panel**

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 of the following persons;

- Vocational Education and Training officer (Chairperson)
- Vocational Training Centre manager (secretary)
- Area Member of County Assembly (MCA)
- Vocational Training Centre Religious Entity. In case the VTC has no Religious Entity, then a representative of the Sub -County Education Board (SCEB)
- Local administration

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

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

### **Composition Of the Boards of Governors**

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

- Two (2) persons nominated by the Religious Entity/SCEB affiliated with the Vocational Training Centre.
- Two (2) persons representing the community in which the VTC is situated.
- Two (2) youths; one MALE and FEMALE.
- One (1) person representing people with special needs.
- One (1) person representing the jua kali or industry and commerce sector.
- One (1) person representing special interests.

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).

Vocational Education and Training Officer as an ex-officio Board member.

- The VTC manager who is the secretary to the board.

The total composition of board members shall be (12) people. No single gender shall constitute more than two thirds of the total number. The vocational Education and Training Officer should be automatic ex- officio member of board.

Upon appointment the nine members of the Boards of Governors fulfil the following at the inaugural meeting:

- Confirm the chairperson of BOG;
- Elect a vice-chairperson;
- Co-opt three persons to the Board who should be two parents with trainees in the VTC and an instructor;
- Nominate signatories to the bank account (3) members namely the chairperson, manager/secretary and a third signatory.
- 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 7.2.
- 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.

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

- He/she does not meet the minimum academic qualification of KCSE/KCE Level of secondary education.
- He/she has a criminal record and has not been granted a pardon.
- He/she has been declared insolvent or bankrupt and has not been discharged.

- 4. He/she is adjudged to be of unsound mind or has been detained as criminally insane person.
- He/she is disqualified from public office by any law for the time being in force.
- His/her economic or business interests are linked to those of the board of the Vocational Training Centre with an exception of special cases which must receive written permission from the CEC (M).
- He/she fails to write an acceptance letter to the CEC (M) in charge of Education and Technology.
- He/she fails to attend three (3) consecutive meetings of the board without written apologies.

### **The Executive Committee of the Board of Governors**

The Executive committee of the Board of Governors of the VTC shall be composed of the following people:

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

The Executive Committee will meet as the need arises. Quorum for meetings shall be two-thirds. The decisions of the executive must be brought before the full board in its subsequent meeting for ratification

**The full board shall have three meetings per year and two-third quorum applies**

### **The Functions of the Board of Governors**

The functions of the Board of Governors of Vocational Training Centre shall be:-

- Promote the best interests of the Institution and ensure its development,
- Promote quality education and training for all trainees in accordance with the set standards,
- Develop a strategic plan for the institution,
- Provide proper and adequate physical facilities for the institution,
- Create an enabling environment for the institution's manager/principal, instructors and other staff of the institution in the performance of their professional duties.
- Manage all affairs of the Institution in the accordance with the laid down procedures,
- Advise the Department on the staffing needs of the institution,
- Make recommendations for appointment of instructors at the institution,
- Recruit, employ and remunerate such number of instructors as may be required by the Institution subject to the provisions of the law,
- In consultation with the Quality Assurance and Standards Officers, ensure effective curriculum implementation and delivery,
- Ensure the trainees are presented for examination and assessments

- Prepare annual estimates of revenues and expenditure for the institution and incur expenditure on behalf of the institution,
- 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,
- Mobilize resources for the purposes of the institution subject to the provisions of the Public Financial Management Act, 2012, and any other relevant laws,
- Enter into association with other local or international training institutions in the interests of the institution with the approval of the relevant authority,
- Continuously monitor instructors in terms of curriculum implementation and delivery conduct of examinations and assessments in the institution,
- Adopt a code of conduct for the staff and trainees, determines cases of discipline and make reports to the Department of Education and Technology
- Prepare a comprehensive annual report on all areas of its mandate including education, training and research services and submit the same to the Department,
- Provide for the welfare and safety of the staff and trainees at the Institution,
- Facilitate and ensure the provision of guidance and counselling to all trainees,
- Encourage the community, parents, trainees, staffs and other stakeholders to render voluntary services to the Institutions,
- 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.
- Recruit, employ and remunerate such number of non-teaching staff as may be required by the institution in accordance with the Employment Act, and Perform any other function to facilitate the implementation of its functions under these guidelines or any other written law.

**Dissolution Of the Board of Governors (As Established in The Education Act Cap 211 Section 12)**

- Where in the opinion of the CEC (M), a Board of Governors has behaved irresponsibly or has failed to exercise properly its functions; the CEC (M) may in writing-
- Suspend the board from the exercise of and performance of all its powers and duties and appoint an administrator to exercise and perform all powers and duties of the board for such period not exceeding one year as the CEC (M) specifies, and/or
- Require the resignation of all or any of the members of the Board, and appoint or require the appointment of new members of the board.
- The CEC (M) shall make regulations providing for the manner in which an administrator appointed under sub-section (1) shall exercise all powers and perform the duties of the Board of Governors.

**9. Management Discussion and Analysis**

The B.O.M of Abodii Mutonto vocational centre has been very supportive in the management and has fully performed its oversight role in the B.O.M committee. The management as the principal on the team leader and his deputy principal who handles both academic and discipline during the financial year 2024/2025 the management managed to fulfil all legal and regulatory requirements embedded in the mandate under the TVET act 2015 and its regulation, during the period under review we were able to complete our key projects as follows;

## **10. Environmental And Sustainability Reporting Statement**

### **i. (Sustainability strategy and profile)**

The VTC continues to align its operations with global and national sustainability priorities, with a focus on environmental conservation, social inclusion, and economic empowerment in line with international best practises such as the sustainable and responsible resource management, During the reporting period the institute undertook the following key initiatives and achievements;

A] social inclusion in procurement

-The Vocational Training ensures that suppliers are from the locality thus acting as economic empowerment to the people who are within the Vocational Training Centre area of location.

#### **1. Environmental Performance**

The VTC participated in the national tree planting during the holiday dedicated to tree planting. This not only contributed to Kenya's re-afforestation agenda but also strengthened the Vocational Training Training climate mitigation effort.

- **Agricultural sustainability**

The VTC is involved in farming activities which include maize farming an initiative to support food security.

### **ii. Environmental performance**

The VTC undertook some environmentally friendly initiatives; these include planting of various plants [including trees for greening] and cultivation of maize of maize to optimize rain water utilization through improved soil retention and erosion control.

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

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

### **iii. Employere welfare**

The VTC ensures that there is transparency in all its activities to ensure there is good relationship towards its stakeholders The VTC has been following procedure of hiring employees in the institution. The Board identifies the vacancies by analysing the key responsibilities and duties that ought to be done and staff are not available or adequate.

The Board then advertises for the position and invites qualified candidates to apply. On application, shortlisting of qualified person is done basing it on the advert, gender, ethnicity and

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

**iv. Marketplace practices**

**Responsible Competition Practice**

Our institution promotes fair competition through open tendering, respect for competitors, and strict anti-corruption measures. We use service charters, and public sensitization to improve service delivery.

**Responsible Supply Chain & Supplier Relations**

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

**Responsible Marketing & Public Engagement**

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

**Product Stewardship & Awareness Creation**

We protect the health, safety, and rights of our staff and clients. We provide adequate service information, safeguard privacy, and ensure access to dispute resolution

**v. Corporate Social Responsibility**

The VTC embarked on the following CSR activities within the year. Offering playground to the youth to nurture their talents free of charge, offering women/men groups accommodation to establish tree nurseries as an economic empowerment to the community.

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

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

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

### **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 of the VTC is: -

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

#### **Results**

The results of ABODII Mutonto Vocational Training Centre for the year ended June 30<sup>th</sup> 2025, are set out on page xii

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

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**Board Of Management**

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

**Auditors**

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

By order of the Board

Sign  .....

Mr. Peter Mwaki

Secretary of the Board

.....  
Secretary of the Board

Date: 28/11/2025

**12. Statement of Board of Management Responsibilities**

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

The Board of Management are responsible for the preparation and presentation of the Abodii mutonto vocational training centre financial statements, which give a true and fair view of the state of affairs of the Abodii mutonto training centre 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 Management accept responsibility for the Abodii Mutonto vocational training centre financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and state corporate Act and TVET Act. The Board of Management are of the opinion that the Abodii Mutonto Vocatioual training centre financial statements give a true and fair view of the state of Abodii transactions during the financial year ended June 30, 2025, and of the Abodii Mutonto vocational training g centre's financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the Abodii vocational training centre, which have been relied upon in the preparation of the Abodii Mutonto '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 Abodii Mutonto vocational training centre ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the Abodii Mutonto vocational training centre 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 Abodii Mutonto Vocational training centre financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

  
.....

Name

Chairperson of the Board

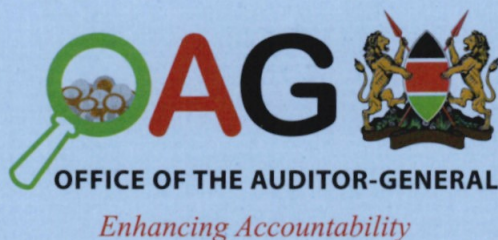
  
.....

Name

Principal/Manager

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON ABODII MUTONTO VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Abodii Mutonto Vocational Training Centre set out on pages 1 to 30, which comprise of the statement of financial

position as at 30 June, 2025, statement of financial performance, the statement of changes in net assets, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Qualified Opinion**

#### **Overdrawn Account and Netting off of Bank Balance**

The statement of financial position reflects bank balance of Kshs.178,215 as disclosed in Note 14 to the financial statements. Included in the bank balance is one bank account (Dhabiti Sacco) with an overdraft balance of Kshs.155 as at the beginning of the year which has netted off the bank open balances of Kshs.27,592 contrary to Section 28(4)(5) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a National Government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorised by The National Treasury or a Board of a National Government entity, if any.(5) Subject to Subsection (3), an Accounting Officer who authorises the bank account of a National Government entity to be overdrawn is liable for the full cost of the overdrawn amount.

In the circumstances, the accuracy and completeness of bank balance of Kshs.178,215 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Abodii Mutonto 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 comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.930,775 and Kshs.718,200 respectively, resulting to an under-funding of Kshs.212,575 or 23% of the budget. Similarly, the

Institution spent a balance of Kshs.611,525 against actual receipts of Kshs.718,200 resulting to an under-utilization of Kshs.106,675 or 15% 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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

### **Other Information**

The Board of Management is responsible for the Other Information set out on page ii to xxiv which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Non-Compliance with Mandatory Registration Requirements under the Data Protection Act**

Review of compliance with the Data Protection Act, 2019 revealed that Abodii Mutonto 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, the Centre was not compliant with mandatory registration requirements under the Data Protection Act.

### **2. Casuals Engaged Beyond Stipulated Period**

Examination of the casual payrolls for the year 2024/2025 revealed that there were three (3) employees who were engaged for more than three (3) consecutive months. No employment contract was provided for audit. This was contrary to Section 37(1)(b) of the Employment Act, 2007 which stipulates that casual employment should be converted to term contract where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

In the circumstances, Management was in breach of law.

### **3. Non-Compliance to Remittance of Statutory Deductions**

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

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

### **4. Non-Compliance with Requirements on Institutional Accreditation and Registration**

Review of compliance with the Technical and Vocational Education and Training (TVET) Act revealed that the Vocational Training Centre has been operating with an expired institutional license and registration certificate. This contravenes Section 17(1) and (3) of the TVET Act, which require all Institutions to be accredited, licensed, and registered before offering training programmes, and prohibit mounting of any course without prior approval by the Board.

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

#### **5. Non-Compliance with the Public Procurement Capacity Building Levy Order, 2023**

Review of records revealed that the County Executive 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 20<sup>th</sup> day of the subsequent month and also file monthly returns.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Lack of Internal Audit Function and Audit Committee**

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

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

## **2. Failure to Maintain Employee Personal Files and Mandatory Employment Records**

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

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

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

## **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 Institution operated at optimum staffing levels. In addition, the Institution was in breach of the County Public Service Human Resource Manual, 2013.

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

## **Responsibilities of the Management and the Board of Management**

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

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


#### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**03 December, 2025**

**ABODII MUTONTO VOCATIONAL TRAINING CENTRE**  
**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           |
| <b>Revenue from non-exchange transactions</b>    |       |                |
| Transfers from the County Government -capitation | 6     | 432,000        |
|  |       | <b>432,000</b> |
| <b>Revenue from Exchange transactions</b>        |       |                |
| Fees from students                               | 7     | 450,000        |
| Sale of goods-farm produce                       | 8     | 24,000         |
| <b>Revenue from Exchange transactions</b>        |       | <b>474,000</b> |
| <b>Total Revenue</b>                             |       | <b>906,000</b> |
|  |       |                |
| <b>Expenses</b>                                  |       |                |
| Use of goods and services                        | 9     | 443,100        |
| Employee costs                                   | 10    | 204,000        |
| Board Expenses                                   | 11    | 52,000         |
| Depreciation and amortization expense            | 12    | 7,500          |
| Repairs and maintenance                          | 13    | 13,515         |
| <b>Total Expenses</b>                            |       | <b>720,115</b> |
|  |       |                |
| <b>Net surplus/(deficit) for the year</b>        |       | <b>185,885</b> |

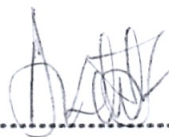
(The notes set out on pages 23 to 29 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 7 were signed by:

JOHN MUKINA

Name  
Chairman of Board

Date 28/11/2025



Name Douglas Kobici  
Accountant  
ICPAK No 10401

Date 28/11/2025

PETER MWAICI

Name  
Principal/Manager

Date 28/11/2025

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


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

| Description   | Notes | FY 2024/2025      |
|---|-------|-------------------|
|   |       | Kshs              |
| <b>Assets</b>   |       |                   |
| <b>Current Assets</b>                                     |       |                   |
| Cash and cash equivalents                                 | 14    | 178,215.75        |
| Current portion of receivables from exchange transactions | 15    | 187,800           |
| Receivables from non-exchange transactions                |       | -                 |
| Inventories   | 16    | 0                 |
| <b>Total Current Assets</b>                               |       | <b>366,015.75</b> |
| <b>Non-Current Assets</b>                                 |       |                   |
| Long term receivables from exchange transactions          | -     | -                 |
| Property, plant, and equipment                            | 17    | 52,500            |
| <b>Total Non-Current Assets</b>                           |       | <b>52,500</b>     |
| <b>Total Assets (A)</b>                                   |       | <b>418,515.75</b> |
| <b>Liabilities</b>  |       |                   |
| <b>Current Liabilities</b>                                |       |                   |
| Trade and other payables from exchange transactions       | 18    | 101,090           |
| Refundable deposits from customers/Students               | -     | -                 |
| <b>Total Current Liabilities</b>                          |       | <b>101,090</b>    |
| <b>Non-Current Liabilities</b>                            |       |                   |
| Non-Current Provisions                                    |       | -                 |
| Finance lease obligation                                  |       | -                 |
| Deferred income   |       | -                 |
| Service Concession Arrangements                           |       | -                 |
| <b>Total non- current liabilities</b>                     |       | <b>-</b>          |
| <b>Total Liabilities (B)</b>                              |       | <b>101,090</b>    |
| <b>Net Assets (A-B)</b>                                   |       | <b>317,425.75</b> |
| <b>Represented By:</b>                                    |       |                   |
| Revaluation Reserves                                      |       | -                 |

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

| Description             | Notes | FY 2024/2025      |
|-------------------------|-------|-------------------|
|                         |       | Kshs              |
| Accumulated Surplus     |       | 317,425.75        |
| Capital Fund            |       | -                 |
| <b>Total Net Assets</b> |       | <b>317,425.75</b> |

The Financial Statements set out on pages 1 to 7 were signed by:

|                            |   |                           |
|----------------------------|---|---------------------------|
| <u>JOHN MULIKIWA KOBIA</u> |  | <u>PETER MWAICI</u>       |
| Name<br>Chairman of Board  | Name Douglas Kobia<br>Accountant<br>ICPAK No 10401                                | Name<br>Principal/Manager |
| Date 28/11/2025            | Date 28/11/2025   | Date 28/11/2025           |

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

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**16. Statement of Changes in Net Assets For The Year Ended 30 June 20XX**

| <b>Description</b>                      | <b>Revaluation reserve</b> | <b>Accumulated Surplus</b> | <b>Capital Grants/Fund</b> | <b>Total</b>      |
|---|----------------------------|----------------------------|----------------------------|-------------------|
| <b>At July 1, 2024</b>                  | -                          | <b>131,540.75</b>          | -                          | <b>131,540.75</b> |
| Revaluation gain                        | -                          | -                          | -                          | -                 |
| Surplus/(deficit) for the year          | -                          | 185,885                    | -                          | 185,885           |
| Capital grants received during the year | -                          | -                          | -                          | -                 |
| <b>At June 30, 2025</b>                 | -                          | <b>317,425.75</b>          | -                          | <b>317,425.75</b> |

**ABODII MUTONTO VOCATIONAL TRAINING CENTRE****Annual Report and Financial Statements for the year ended 30th June 2025****17. Statement of Cash Flows for The Year Ended 30 June 2025**

| Description   |      | FY2024/2025     |
|---|------|-----------------|
|   | Note | Kshs            |
| <b>Cash flows from operating activities</b>                     |      |                 |
| <b>Receipts</b>   |      |                 |
| Transfers from County Government                                | 6    | 432,000         |
| Fees from students  | 7    | 262,200         |
| Sale of goods   | 8    | 24,000          |
| <b>Total Receipts</b>   |      | <b>718,200</b>  |
| <b>Payments</b>   |      |                 |
| Use of goods and services                                       | 9    | 443,100         |
| Employee costs  | 10   | 102,910         |
| Board Expenses  | 11   | 52,000          |
| Repairs and maintenance   | 13   | 13,515          |
| <b>Total Payments</b>   |      | <b>611,525</b>  |
| <b>Net Cash Flows from operating activities</b>                 |      | <b>106,675</b>  |
|   |      |                 |
| <b>Cash flows from investing activities</b>                     |      |                 |
| Purchase of property, plant, and equipment                      | 17   | (60,000)        |
| <b>Net cash flows used in investing activities</b>              |      | <b>(60,000)</b> |
| <b>Cash flows from financing activities</b>                     |      | -               |
| <b>Net cash flows used in financing activities</b>              |      | -               |
|   |      |                 |
| <b>Net Increase/(Decrease) in Cash and Cash equivalents</b>     |      | <b>46,647</b>   |
| Cash & Cash equivalents at the beginning (1 <sup>st</sup> July) | 14   | 131,540.75      |
| Cash & Cash equivalents at the end. (30 <sup>th</sup> June)     | 14   | 178,215.75      |

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

**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%                 |
| <b>Budget carryovers from the previous year*</b> | -               |             |                | -                          | -                      | -                      |
| <b>Receipts</b>                                  |                 |             |                |                            |                        |                        |
| Transfers from County Government                 | 432,000         |             | 432,000        | 432,000                    | -                      | -                      |
| Fees from students                               | 462,775         |             | 462,775        | 262,200                    | 200,000                | 56.66%                 |
| Sale of goods                                    | 36,000          |             | 36,000         | 24,000                     | 12,000                 | 66.6%                  |
| <b>Total Receipts</b>                            | <b>930,775</b>  |             | <b>930,775</b> | <b>718,200</b>             | <b>212,575</b>         | <b>%</b>               |
| <b>Payments</b>                                  |                 |             |                |                            |                        |                        |
| Use of goods and services                        | 660,775         | -           | 660,775        | 443,100                    | 217,675                | 67.05%                 |
| Employee costs                                   | 204,000         |             | 204,000        | 102,910                    | 101,090                | 50.45%                 |
| Board Expenses                                   | 52,000          |             | 52,000         | 52,000                     | -                      | 100%                   |
| Repairs and maintenance                          | 14,000          |             | 14,000         | 13,515                     | 485                    | 96.54%                 |
| <b>Total Expenditure</b>                         | <b>930,775</b>  |             | <b>930,775</b> | <b>611,525</b>             | <b>319,250</b>         | <b>65.75%</b>          |
| <b>Capital Expenditure payments</b>              | -               |             | -              | <b>60,000</b>              | <b>-60,000</b>         | -                      |
| <b>Surplus</b>                                   | -               |             | -              | <b>46,675</b>              | <b>-46,675</b>         | -                      |

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

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

**Budget notes**

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

2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

**Budget Reconciliation**

|   | Description of Particulars  | Amount in Kshs |
|---|---|----------------|
|   | Actual Surplus Amounts as per the statement of Budget               | 46,675         |
| 1 | Classification and presentation differences                         | 131,540.75     |
|   | Closing Cash and Cash Equivalent as per the statement of Cash flows | 178,215.75     |

**19. Notes to the Financial Statements**

**1. General Information**

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

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Abodii'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 Abodii. 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.

### 3. Adoption of New and Revised Standards

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

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

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

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

| Standard  | Effective date and impact:   |
|---|--|
| IPSAS 43:<br>Leases   | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>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.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.<br><b><i>State the expected impact of the standard to the Entity if relevant</i></b>  |
| IPSAS 44:<br>Non- Current<br>Assets Held for Sale<br>and Discontinued<br>Operations | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>The Standard requires,<br>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:<br>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.<br><b><i>State the expected impact of the standard to the Entity if relevant</i></b>  |
| IPSAS 45: Property<br>Plant and<br>Equipment  | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.<br><b><i>State the expected impact of the standard to the Entity if relevant</i></b> |

|  |   |
|--|---|
| <p>IPSAS 46:<br/>Measurement</p>   | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b><br/> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.<br/> <b><i>State the expected impact of the standard to the Entity if relevant</i></b></p> |
| <p>IPSAS 47:<br/>Revenue</p>   | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b><br/> 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.<br/> <b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>   |
| <p>IPSAS 48: Transfer Expenses</p>   | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b><br/> 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.<br/> <b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>  |
| <p>IPSAS 49:<br/>Retirement Benefit Plans</p>                              | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b><br/> 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.<br/> <b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>   |
| <p>IPSAS 50:<br/>Exploration For &amp; Evaluation of Mineral Resources</p> | <p><b><i>Applicable 1<sup>st</sup> January 2027</i></b><br/> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ol>   |

|  |   |
|--|---|
|  | <p>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.</p> <p>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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
|--|---|

**iii. Early adoption of standards**

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

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the Board on June 30<sup>th</sup> 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2024/2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented.

**c) Taxes**

***Current income tax***

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

***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

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

**e) Property, plant and equipment**

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

**f) Leases**

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

**g) Intangible assets**

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

**h) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Research and development costs**

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

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

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

**j) Financial instruments**

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

***Financial assets***

***Classification***

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

***Subsequent measurement***

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

***Amortized cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**k) Inventories**

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

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

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

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

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

**l) Provisions**

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

***Contingent liabilities***

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

### ***Contingent assets***

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

### **m) Social Benefits**

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

### **n) Nature and purpose of reserves**

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

### **o) Changes in accounting policies and estimates**

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

### **p) Employee benefits**

#### **Retirement benefit plans**

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

**q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**r) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**s) Related parties**

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

**t) Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) Cash and cash equivalents**

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

**v) Comparative figures**

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

**w) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

## **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                       | FY2024-2025    |
|-----------------------------------|----------------|
|                                   | Kshs           |
| <b>Unconditional Grants</b>       |                |
| Capitation Grants                 | 432,000        |
| <b>Total unconditional Grants</b> | <b>432,000</b> |

7. Fees from students

| Description                     | FY 2024-2025   |
|---------------------------------|----------------|
|                                 | Kshs           |
| Fees from students              | 262,200        |
| Student debtors                 | 187,800        |
| <b>Total Fees from students</b> | <b>450,000</b> |

8. Sale of Goods

| Description                             | FY2025- 2025  |
|---|---------------|
|   | Kshs          |
|   |               |
| Sale of Farm Produce                    | 24,000        |
| <b>Total Revenue from Sale of Goods</b> | <b>24,000</b> |

9. Use of Goods and Services

| Description                            | FY2024-2025    |
|--|----------------|
|  | Kshs           |
| Teaching and learning materials        | 286,730        |
| Catering, conferences, and delegations | 83,505         |
| Travelling and accommodation           | 21,000         |
| Printing and stationery                | 2,670          |
| Agricultural inputs                    | 29,200         |
| Itax                                   | 232            |
| Training expenses                      | 13,800         |
| Other ( <i>specify</i> ) Bank charges  | 5,963          |
| <b>Total good and services</b>         | <b>443,100</b> |

**10. Employee Costs**

| Description             | FY2024-2025    |
|-------------------------|----------------|
|                         | Kshs           |
| Salaries and wages      | 102,910        |
| <b>Salary -payables</b> | <b>101,090</b> |
| <b>Employee cost</b>    | <b>204,000</b> |

**11. Board Expenses**

| Description          | FY 2024-2025  |
|----------------------|---------------|
|                      | Kshs          |
| Other Board Expenses | 52,000        |
| <b>Total</b>         | <b>52,000</b> |

**12. Depreciation and Amortization expense**

| Description  | FY2024-2025  |
|--|--------------|
|  | Kshs         |
| Property, plant and equipment                        | 7,500        |
| <b>Total depreciation &amp; amortization Expense</b> | <b>7,500</b> |

**13. Repairs and Maintenance**

| Description                          | FY 2024-2025  |
|--------------------------------------|---------------|
|                                      | Kshs          |
| Furniture and fittings               | 13,515        |
| <b>Total Repairs and Maintenance</b> | <b>13,515</b> |

**14. Cash and Cash Equivalents**

| Description                            | FY 2024-2024      |
|--|-------------------|
|  | Kshs              |
| Current Account                        | 178,215.75        |
| <b>Total Cash and Cash Equivalents</b> | <b>178,215.75</b> |

**14. Detailed Analysis of Cash and Cash Equivalents**  
**Detailed Analysis of Cash and Cash Equivalents**

| Financial Institution               | Account number | F/Y 2024-2025     | F/Y               |
|-------------------------------------|----------------|-------------------|-------------------|
|                                     |                | Kshs              | 2023-2024         |
| <b>a) Current Account</b>           |                |                   |                   |
| ABODII MUTONTO VTC- Grant – KCB     | 1288417454     | 144,278.75        | 124,650.75        |
| ABODII MUTONTO- FEES DHABITI SACCO. | 115369         | 27,592            | (155)             |
| CASH AT HAND                        | -              | 6,345             | 7,045             |
| <b>Grand Total</b>                  |                | <b>178,215.75</b> | <b>131,540.75</b> |

**15. Receivables from Exchange transactions**

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

| Description                      | FY2024-2025    |
|----------------------------------|----------------|
|                                  | Kshs           |
| Current Receivables              | 187,800        |
| Student Debtors                  |                |
| <b>Total Current Receivables</b> | <b>187,800</b> |

**16. Inventories**

| Description  | FY20254-2025 |
|--|--------------|
|  | Kshs         |
| Consumable stores  |              |
| Maintenance stores   | 0            |
| Less: Impairment allowance   |              |
| <b>Total Inventories at lower of Cost and Net Realizable Value</b> | <b>0</b>     |

**Detailed Disclosure on Inventories**

|                                  | <b>FY 2024-2025</b> |
|----------------------------------|---------------------|
| <b>Opening balance</b>           | -                   |
| Additional Inventory in the year | 0                   |
| <b>Closing balance</b>           | <b>0</b>            |

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**17. Property, Plant and Equipment**

| Cost                                | Computers | Plant and Equipment | Total  |
|-------------------------------------|-----------|---------------------|--------|
|                                     | Kshs      | Kshs                | Kshs   |
| <b>Depreciation Rate</b>            |           | 25%                 |        |
| <b>At 1 July 2024</b>               | -         | 60,000              | 60,000 |
| Additions                           | -         | -                   | -      |
| Disposals                           | -         | -                   | -      |
| Transfers/Adjustments               | -         | -                   | -      |
| Revaluation                         | -         | -                   | -      |
| <b>At 30<sup>th</sup> June 2025</b> | -         | 60,000              | 60,000 |
| <b>Depreciation And Impairment</b>  | -         |                     |        |
| <b>At 1 July 2024</b>               | -         | -                   | -      |
| Depreciation                        | -         | 7,500               | 7,500  |
| Disposals                           | -         | -                   | -      |
| Impairment                          | -         | -                   | -      |
| <b>At 30 June 2025</b>              | -         | 7,500               | 7,500  |
| <b>Net Book Values</b>              | -         |                     |        |
| <b>At 30<sup>th</sup> Jun 2025</b>  | -         | 52,500              | 52,500 |

**18. Trade and Other Payables from Exchange Transactions**

| Description                           | FY2024/2025       |                       |
|---------------------------------------|-------------------|-----------------------|
|                                       | Kshs              |                       |
| Trade payables                        | -                 |                       |
| Other Payables                        | 101,090           |                       |
| <b>Total Trade and Other Payables</b> | <b>101.090</b>    |                       |
| <b>Ageing analysis:</b>               | <b>Current FY</b> | <b>% of the Total</b> |
| Under one year                        | 101,090           | 49.55 %               |
| 1-2 years                             |                   |                       |
| <b>Total (to tie to totals above)</b> | <b>101,090</b>    | <b>49.55%</b>         |

**19. Cash generated from operations.**

|  | 2024-2025<br>Kshs |
|--|-------------------|
| Surplus/(Deficit) for the year                 | 185,885           |
| <b>Adjusted for:</b>                           |                   |
| Depreciation                                   | 7,500             |
| <b>Working Capital Adjustments</b>             |                   |
| Increase in Inventory                          |                   |
| Increase in Receivables                        | (187,800)         |
| Increase in payables                           | 101,090           |
| <b>Net Cash Flow from Operating Activities</b> | <b>106,675</b>    |

**20. Events After the Reporting Period**

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

**21. Currency**

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

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**20. 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.

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b> | <b>Management comments</b> | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|--|----------------------------|--|---|
|   |  |                            |  |   |
|   |  |                            |  |   |

**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.

*PETER MWAKI* .....

**Name**  
**Principal/Manager**  
**(Enter title of Head of entity)**  
**Date** 28/11/2025

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**Appendix II: Projects Implemented by (The Entity)**

**Projects**

Projects implemented by the ABODII VOCATIONAL TRAINING CENTRE Funded by development partners.

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

**Status of Project Completion**

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

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

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**Appendix III- Inter-Entity Confirmation Letter**

Name of transferring entity... COUNTY GOVERNMENT OF MERU.

Name of beneficiary entity: ... ABODII MUTONTO VOCATIONAL TRAINING CENTRE.

| Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY) |                |                |                 |                    |         |
|--|----------------|----------------|-----------------|--------------------|---------|
| Reference Number   | Date Disbursed | Recurrent (A)  | Development (B) | Total<br>(C)=(A+B) | Remarks |
| Edu/VTC/017/2024-2025  | 24/03/2025     | 270,000        | -               | 270,000            |         |
| Edu/VTC/019/2024-2025  | 24/03/2025     | 162,000        | -               | 162,000            |         |
| <b>Total</b>   |                | <b>432,000</b> |                 | <b>423,000</b>     |         |

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Douglas Kobia Domizano ..... Sign ..... Date 28/11/2025

**Head of Accounts Department - Beneficiary Entity:**

Name S.ETER MWAICHI ..... Sign ..... Date 28/11/2025

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**Appendix IV: Reporting of Climate Relevant Expenditures**

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