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REPORT

THE AUDITOR-GENERAL

ON

**KIEGANGURU VOCATIONAL TRAINING
CENTRE**

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



**KIEGANGURU
VOCATIONAL TRAINING CENTRE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

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

COUNTY GOVERNMENT OF THARAKA NITHI
COUNTY TREASURY



Telephone: 1513

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REF: TNC/FIN/KVTC/Vol. I/01



P. O. BOX 10-60406

KATHWANA

Date: 20th August 2025

The Auditor General
Embu Hub
P.O. Box 113 – 60400
EMBU

RE: KIEGANGURU VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FY 2024/25

In accordance to Public Financial Management Act 2012, Section 166 (1), we hereby submit Kieganguru Vocational Training Centre Report and Financial Statements for the year ended 30th June, 2025

Please find enclosed report for your necessary action.

Thank you

Lawrence K. Ireri Rweria

CECM- Finance, Economic Planning and Revenue Mobilization

cc

- The Clerk, County Assembly of Tharaka Nithi
- The Director General, Accounting Services and Quality Assurance
- The Commission on Revenue Allocation
- Office of the Controller of Budget

Contents

1.	ACRONYMS AND DEFINITION OF KEY TERMS	i
2.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
3.	THE BOARD OF MANAGEMENT	v
4.	KEY MANAGEMENT TEAM	vi
5.	CHAIRMAN'S STATEMENT	vii
6.	REPORT OF THE PRINCIPAL/MANAGER.....	viii
7.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xi
8.	CORPORATE GOVERNANCE STATEMENT	xii
9.	MANAGEMENT DISCUSSION AND ANALYSIS	xiv
10.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT	xv
11.	REPORT OF THE BOARD OF MANAGEMENT	xvi
12.	STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES	xvii
13.	REPORT OF THE INDEPENDENT AUDITOR OF KIEGANGURU VTC	xviii
14.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025	1
15.	STATEMENT OF FINANCIAL POSITION AS AT 30 th JUNE 2025.....	2
16.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025	3
17.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 th JUNE 2025	4
18.	STATEMENT OF COMPARISON OF BUDGET &ACTUAL AMOUNTS FOR YEAR ENDED 30 th JUNE 25 .	5
19.	NOTES TO THE FINANCIAL STATEMENTS.....	6

1. ACRONYMS AND DEFINITION OF KEY TERMS

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
VTC	Vocational Training College
KVTC	Kieganguru Vocational Training Centre
TVET	Technical and Vocational Education and Training
SCVTO	Sub County Vocational Training Officer
H.O. D	Head of Department

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kieganguru Vocational Training Centre came into being in the year 1989. It was founded by PCEA Church, then, under PCEA Chogoria Central Presbytery, Tharaka Nendeni area, as a church-based polytechnic. It was managed by the church under the parish minister. The college is under the County Department for Education.

b) Principal Activities

The principal activity/mission/ mandate of the VTC is:

Vision; To be a centre of excellence in providing technical, entrepreneurial and life skills to the youth.

Mission; To empower the young people with relevant skills, knowledge and attitudes responsive to the dynamic market needs.

Motto: success is through hard work

Strategic objectives

To enhance human development index.

To build skills and innovations that will help in curbing unemployment and crime

To enhance corporate governance through efficient and effective management.

To ensure that we support and implement competence-based curriculum and reduce poor transition to higher levels of learning while imparting skills.

(c) Key Management

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

Head of Departments

SN.	Name	Position
1.	Doreen Mwendu	HOD Clothing
2.	John Murithi	HoD Electrical
3.	Justin Manene	HoD Mechanical
4.	Derrick Mawira	HoD Building

(d) Fiduciary Management

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

SN.	Name	Designation
1.	David Micheni Mbae	Chairman BOM
2.	Doreen Mwendu Mate	Manager / Principal
3.	Erustus Micheni	V/chair
4.	Bosco Mugo	Executive Member

e) Fiduciary Oversight Arrangements

Audit and risk committee activities.

- Finance and operations committee activities.
- Academic committee activities
- Development partner oversight activities
- Other oversight activities
- Co-curricular

Role of academic committee

- Curriculum development and review
- Making academic policy and standards
- Monitoring instructing and learning
- Preparation of exams and assessment
- Student support on academic progress

Role of guidance and counselling committee

- Academic guidance
- Career guide
- Personal and social development
- Emotional and psychological support
- Prevention and intervention
- Enhancing school climate

Kieganguru VTC

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

f) VTC Headquarters

Kieganguru vocational training centre
P.O. Box 270- 604010 Chogoria
Kieganguru Market
Kiraro Road
Tharaka Nithi, KENYA

g) VTC Contacts

Telephone: (254) 711759857
E-mail: kieganguru18@gmail.com

h) VTC Bankers

Co-operative Bank
P.O Box 472 60401
Chogoria
Chogoria branch

KCB
P.O Box 7014
Chuka
Chogoria branch

i) Independent Auditors

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

j) Principal Legal Adviser

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

The County Attorney
County Government of Tharaka Nithi
P.O. Box 10 - 60400

KATHWANA

3. THE BOARD OF MANAGEMENT

<i>Member/ Director</i>	<i>Details</i>
 <p><i>DAVID MICHENI MBAE</i> B.O.M CHAIRMAN</p>	<p>DOB 21/5/1955 Retired Teacher Diploma in education management Work experience 34YRS</p>
 <p>ERASTUS MICHENI RUCHA B.O.M VICE CHAIRMAN</p>	<p>DOB 1957 Diploma In Education Management Retired teacher Work Experience 32 yrs</p>
 <p>BOSCO MURIUNGI MUGO BOM EXECUTIVE MEMBER</p>	<p>-D.O. B 24/09/1991 Diploma in community development and social work ICT trainer Works at Hope Core International BOM Executive Member</p>
 <p>DOREEN MWENDE MATE BOM SECRETARY</p>	<p><i>BOM EXECUTIVE MEMBER</i> Dip. in Tech Education 18 YRS WORK EXPERIENCE Not a member of ICS</p>

4. KEY MANAGEMENT TEAM

SN.	Member/ Director	Details
1	 Doreen Mwende Mate	-MANAGER KVTC -H.O.D FASHION & DESIGN -Employed by TNC (PNP) -Instructor I -Dip. in Tech Education -Dip. in Clothing Technology
2	 John Murithi Charles	-Deputy /HOD Electrical Installation -Grade I Electrical Wireman -Employed by the B.O.M
3	 Justin Manene Allan	HOD MECHANICAL -Employed by TNC (PNP) -Instructor II -Dip. in Tech Education -Dip. in Automotive Engineering
4	 Derrick Mawira Kabii	-HOD BUILDING -Grade I mason -Employed by BOM
5	 Charity Igoji Nkonge	-HOD HAIRDRESSING & BEAUTY -Grade I Hairdressing -Employed by B.O.M

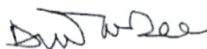
5. CHAIRMAN'S STATEMENT

With the current trends in education, it is paramount that our institution places itself in a strategic position where we can take advantage of the on-going education reforms. The state department of education is putting in a lot of money in the education sector. Most recently, in 2017, the government rolled out new curriculum that is competency based and aims at equipping learners with practical skills which they can apply at all levels of life. This is to ensure that one can lead a gainful and meaningful life irrespective of level of education.

My vision for the institution is to face lift and add to the enrolment to estimated population of 150 trainees. I'm committed to work with all the other stakeholders to achieve the set targets in skills, discipline, infrastructure and co-curricular development

Over the years, this institution has trained and graduated trainees in various technical disciplines where some are great men and women who have impacted the lives of many in this area. In light of the prevailing political, social and economic conditions in the country at large, the institution wants to take part in the production of highly qualified and efficient trainees who will in turn promote success of the government's education policy and Kenya vision 2030 of being an industrialised nation. We want to be part of the larger community that is promoting technological advancement. An essential prerequisite to the transformation of Kenya into a competency and knowledge-based economy.

It is on this understanding that our institution and the entire board of management has strived to support the growth of this institution. The institution has existing challenges and opportunities which we build on to achieve our goals. I need to note that the board is expected to provide unwavering support and leadership for the institution to score highly through the implementation of any plan or policy from the national government or county government. In conclusion, I wish to take this opportunity to thank all who participate either directly or indirectly in the growth of this institution and actualize our vision.



David Micheni

B.O.M Chairman,

Date. 14th July 2025

6. REPORT OF THE PRINCIPAL/MANAGER

Kieganguru Vocational Training Centre came into being in the year 1989. It was founded by PCEA Church, then, under PCEA Chogoria Central Presbytery, Tharaka Nendeni area, as a church-based polytechnic. It was managed by the church under the parish minister. On inception, the polytechnic started with 21 trainees. More than 3,000 trainees have passed through this institution and have led a meaningful life. The institution was registered under the ministry of youth affairs as a public youth polytechnic in the year 2009 to offer the following courses;

Appropriate carpentry and joinery, fashion design, building construction skills, entrepreneurship, education, life skills, technical drawing and ICT. Later the institution was devolved to the county after devolution and was registered and licenced under TVET on 7/Feb/2022. The Centre does NITA exams in the month of August and December examination period. This is the year we first got a government trainer. Currently, the VTC has 6 trainers where by two are county government employees and four are under the B.O.M. the VTC receives funding from county government which is in form of capitation amounting to Ksh 15,000 per trainee annually.

The institution offers grade test one and two exams in August and grade test three exams every December. We have a focus on technical and vocational training but in future we endeavour to offer entrepreneurship education as well as undertaking research and innovation. Since Kenya is envisioned being an industrialized nation by 2030, we have to embrace technology and computer information. For this reason, all our trainees get computer training. Again, in this current competitive knowledge-based economy, trained human resource endowed with skills to transform creative ideas into products and services for commercialization is necessary. As the management we look forth to our duty to handle and train our trainees so that they fit into the economy.

Kieganguru vocational training is a great school destined for greatness. It is my responsibility as the manager to work with all the stakeholders to steer this institution to the dream school it ought to be.

This blue print will enable us to utilize our abilities and the available resources to realize the strategic goals and objectives.

Challenges

- i). Low enrolment due to changes in basic education curriculum.
- ii). Poor fee payments
- iii). Lack of enough human resource.
- iv). Insufficient infrastructure
- v). Lack of skilled man power

Achievements

1. Good performance in exams
2. All our trained trainees sit for their exams.
3. Maintained good student discipline.
4. Exposing our trainees to other important programs in their training like industrial attachment
5. Greening of the institution.

CORE STATEMENTS

VISION

To be a centre of excellence in Providing technical, entrepreneurship and offer skills to the youth.

MISSION

To empower the youth with different skills, knowledge and attitude expertise to the dynamic market needs.

STRATEGIC OBJECTIVES

The strategic objectives of the institution shall be;

- To enhance human development index.
- To build skills and innovations that will help in curbing unemployment and crime.
- To enhance corporate governance through efficient and effective management.
- To ensure that we support and implement competence based curriculum and reduce poor transition to higher levels of learning while imparting skills.

MANDATE

To impact technical and entrepreneurial skills among youth.

MOTTO

Success is through hard work and determination

CORE VALUES

The main core values of this centre are;

- Godliness
- Dignity
- Excellence
- Respect

Kieganguru VTC

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

- Honesty
- Service
- Professionalism
- Hard work
- Integrity
- Involvement
- Christian foundation
- Partnership



Doreen Mate
Manager

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Kieganguru vocational training centre (KVTC) has 2 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024/25- FY 2025/26. These strategic pillars are as follows:

Pillar/ theme/issue 1: Quality of Teaching and learning

Pillar/ theme/ issue 2: Digital transformation and innovation

Kieganguru vocational training centre (KVTC) develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Kieganguru vocational training centre (KVTC) achieved its performance targets set for the FY 2024/25 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Quality of Teaching and Learning	Ensure high standards in curriculum delivery curriculum	Implementation of competence based curriculum	Monitor and evaluate learner performance and training outcomes	Increased bookings for exams and pass rates
Digital transformation and innovation	Integrate technology in learning	Introduction of Computer training for students	Establish ICT infrastructure to Support blended and online learning	Tech savvy students

8. CORPORATE GOVERNANCE STATEMENT

Process of appointing BOM

- **Identify board needs**

Assess the current gaps, gender, back ground and experiences in accordance to TVET act on nomination of BOM

- **Develop selection criteria**

The members are according to the following categories or designation

- Chairperson
 - SCVTO/CO representative
 - County representative
 - Principle/secretary
 - Leadership and management
 - Financial management
 - Technology and industry
 - Engineering
 - ICT
 - Area chief
 - MCA representative
- **Establish a nominations subcommittee comprising of;**
 - SCVTO
 - Local chief
 - Sponsor
 - Ward admin
 - Manager
 - MCA representative

- **Sourcing**

This is done within the known stake holders with networking by the nomination panel
The back ground is considered, availability, any criminal records, and public relations

- **Formal appointment**

Appointment letters are issued to the nominated members

- **Induction and on-boarding**

Members are oriented on the organisation structure, policies, finances and governance.

Familiarization with board roles and responsibilities

- **On-going evaluation**

The board is to run for a term of three years where after this period it expires and becomes ineffective.

As the process of putting another board in place the executive work with the manager for there should be no vacant in management

The ethic and conduct

Fiduciary duty –it's their mandate to:

- Make informed decisions with reasonable diligence **in** the best interest of the organisation, avoiding conflict of interest
- Ensure organisation complies with the laws and operates within its mission
- Integrity and accountability
- Conflict of interest
- Respect and professionalism
- Commitment and participation
- Stewardship

B.O.M Remuneration

The BOM are entitled to a meeting fee and the payment is made after attending the committee meetings.

The amount is Ksh 1,000 each per sitting

Role/functions of BOM

- Governance and strategic planning
- Financial oversight
- Policy development and implementation
- Hiring and human resource management
- Support and supervision of the manage
- Ensure quality of education

9. MANAGEMENT DISCUSSION AND ANALYSIS

Kieganguru Vocational Training Centre the school has strengthened its commitment to empowering youth and adults with practical employable skills. Some of the key activities are;

- Expansion of our vocational training course e.g. digital literacy and competence based training
- Industrial attachment placement to enhance employability

Achievements

We celebrate notable achievement like good performance and improved pass rates in examinations by students

Challenges

Despite our successes, we continue to face several challenges that require attention.

- Limited funds due to poor fee payment and little funding affecting infrastructure and human resource development
- Shortage of qualified trainers in some specialised areas, leading to increased work load for existing staff.
- Low enrolment of students

Future Outlook

Looking ahead we remain optimistic and focused on building a strengthen institution by seeking partnership with private sector stakeholders and NGO's, introducing new market for relevant courses and upgrading facilities and digital infrastructure.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

At Kieganguru VTC, we recognize our responsibility to operate in an environmentally and socially responsible manner. As part of our commitment to Kenya's Vision 2030, the Green Economy Strategy, and the Sustainable Development Goals (SDGs) — particularly Goal 4 (Quality Education) and Goal 13 (Climate Action) — we have taken deliberate steps to ensure our operations and training programs support a cleaner, greener, and more resilient future.

Commitment to Sustainability

We are committed to integrating sustainability into our core business strategy and decision-making processes such as

- Promoting efficient water and energy use across campus
- Implementing waste segregation and management practices
- Reducing paper use through digital records and communication

Continuous Improvement

Sustainability is a journey we walk by integrating environmental and sustainability topics into our training curricula and sensitizing trainees on the importance of resource conservation, climate resilience, and green technologies

Employee welfare

The VTC policy on employee welfare is guided by the Project manual as outlined by the Directorate of Occupational Safety and Health Services (DOSHS). Through DOSHS the CCU carried out a risk assessment and all contractors are required to obtain a workplace registration certificate in addition to insurance cover for the workers.

Community Engagements

The VTC has ensured that stakeholder engagements are appropriate, effective, meaningful and meet the expected objectives. Community engagement activities are preceded by an analysis of the proposed project, its context, and potential impacts, who the relevant stakeholders are, and followed by genuine consideration of stakeholders' views and concerns in decisions related to project planning design, and implementation. Stakeholder consultation was implemented through a systematic approach, and the process should start as early as possible in the project cycle. The timing of consultation events and how they were coordinated with various project milestones were carefully mapped out, so delays or inadequate consultation do not turn into bottlenecks

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 Kieganguru VTC affairs.

Principal activities

The principal activity of the VTC is training technical skills

Results

The results of the VTC for the year ended June 30 2025 are set out on pages 1 - 5

Board of Management

The members of the Board who served during the year are shown on page V. During the year 2024/25 no director retired/ resigned.

Auditors

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

By Order of the Board



Secretary of the Board

Date 14th July 20025

12. STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

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

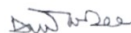
The Board of Management are responsible for the preparation and presentation of the Kieganguru VTC financial statements, which give a true and fair view of the state of affairs of the VTC for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining 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 VTC, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the VTC, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

In preparing the financial statements, the Principal/Manager has assessed Kieganguru VTC ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the VTC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kieganguru VTC financial statements were approved by the Board on **14th July 2025** and signed on its behalf by:



.....
David Micheni

Chairperson of the Board



.....
Doreen Mate

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 KIEGANGURU VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kieganguru Vocational Training Centre set out on pages 1 to 21, which comprise of the statement of financial position as

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

In my opinion, except for the 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 Kieganguru 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 with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Undisclosed and Unsupported Property, Plant and Equipment Balances

Review of the Financial Statements of Kieganguru Vocational Training Centre revealed that the entity did not disclose property, plant and equipment balance in the financial statements submitted for audit. No sufficient reason has been given for non-disclosure of the balances. Further, the Centre did not maintain a fixed assets register. In addition, the Centre did not have in place an assets policy to govern procurement, control and disposal of its assets.

In the circumstances, the Nil balance in respect to Property, plant and equipment could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Quorum in Board Composition

During the year under review, the Institution had constituted a Board of four members contrary to Section 8(1) of the TVET Act 2013 which states that The Board of Governors of a Public Institution shall consist of not less than seven (7) and not more than nine (9) Members appointed by the Cabinet Secretary. Further the Board did not have any sittings during the period under review, contrary to Section 11 (1) which states that a Board of Governors shall meet at least once every four months.

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

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

Review of records revealed that the Centre entered into contracts but no documentary evidence has been provided to confirm that the Entity complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of

the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Function and Audit Committee

Review of the documents provided for audit revealed that as at 30 June, 2025, the Vocational Centre had not established an internal audit committee. Management had also failed to rely on the Internal Audit Department of the county executive since no evidence was provided to show that the Kieganguru VTC had been audited by Internal Audit from the County Executive which is contrary to the law. An Audit Committee forms a key component in the governance process by providing an independent expert assessment of the organization's activities, quality of the risk management, financial reporting and reports to the top Management.

In the circumstances, the financial and operational risks may have remained unidentified hence no mitigation mechanism in place and it did not benefit from the oversight role and advice from the Audit Committee and the internal audit function.

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

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

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

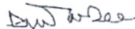
Kieganguru VTC

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

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	FY 2024/2025
		Ksh
Revenue from non-exchange transactions		
Transfers from the County Government	6	1,600,000
Grants from Development Partners	7	206,000
Total Revenue from non-exchange transactions		1,806,000
Revenue from Exchange transactions		
Fees from students	8	572,475
Total Revenue		2,378,475
Expenses		
Use of Goods and Services	9	1,605,107
Employee costs	10	231,760
Repairs and maintenance	11	226,200
Total Expenses		2,063,067
Net surplus/(deficit) for the year		315,408

Kieganguru Vocational Training Centre were approved on 14th July 2025 and signed by:



David Micheni
Chairman



Doreen Mate
Manager

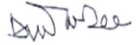


CPA Judith Muthoni
Chief Accountant
ICPAK No. 21856


15. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2025

Description	Notes	FY 2024/2025
		Ksh
Assets		
Current Assets		
Cash and cash equivalents	12	317,594
Current portion of receivables from exchange transactions	13	132,070
Total Current Assets		449,664
Total Non-Current Assets		0
Total Assets		449,664
Liabilities		
Total Liabilities		0
Net Assets		449,664
Represented By:		
Accumulated Surplus		449,664
Total Net Assets		449,664

Kieganguru Vocational Training Centre were approved on **14th July 2025** and signed by:


David Micheni
Chairman


Doreen Mate
Manager


CPA Judith Muthoni
Chief Accountant
ICPAK No. 21856

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

Description	Accumulated Surplus	Capital	Total
		Grants/Fund	
At July 1, 2023			
Revaluation gain			
Surplus/(deficit) for the year			
Capital grants received during the year			
At June 30, 2024			
At July 1, 2024	134,256		134,256
Surplus/(deficit) for the year	315,408		315,408
Capital grants received during the year			
At June 30, 2025	449,664	0	449,664

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2025

	FY 2024/2025	
	Note	Ksh
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	1,600,000
Grants from donors and development partners	7	206,000
Fees from students	8	440,405
Total Receipts		2,246,405
Payments		
Use of goods and services	9	1,605,107
Employee costs	10	231,760
Repairs and maintenance	11	226,200
Total Payments		2,063,067
Net Cash Flows from operating activities		183,338
Net cash flows used in investing activities		0
Net cash flows used in financing activities		0
Net Increase/(Decrease) in Cash and Cash equivalents		183,338
Cash & Cash equivalents at the beginning (1 st July 2024)	12	134,256
Cash & Cash equivalents at the end. (30 th June 2025)	12	317,594

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

18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR YEAR ENDED 30th JUNE 25

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year	-					
Receipts						
Transfers from County Government	1,600,000		1,600,000	1,600,000	0	100%
Grants from donors and development partners	250,000		250,000	206,000	44,000	82%
Fees from students	600,000		600,000	440,405	159,595	73%
Total Receipts	2,450,000		2,450,000	2,246,405	203,595	92%
Payments						
Use of Goods and Services	1,700,000		1,700,000	1,605,107	94,893	94%
Employee costs	300,000		300,000	231,760	68,240	77%
Repairs and maintenance	250,000		250,000	226,200	23,800	0%
Expenditure	2,250,000	0	2,250,000	2,063,067	186,933	92%
Capital Expenditure payments	200,000		200,000	0	200,000	0%
Total Expenditure	2,450,000	0	2,450,000	2,063,067	386,933	84%
Surplus	0	0	0	183,338		

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kieganguru VTC is established by and derives its authority and accountability. The VTC is wholly owned by the County Government of Tharaka Nithi

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 judgement in the process of applying the VTC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the VTC. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an VTC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44:	<i>Applicable 1st January 2025</i>

Standard	Effective date and impact:
Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue</p>

Standard	Effective date and impact:
	under one standard. The objective of the standard is to establish the principles that an VTC 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.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.

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 VTC 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 fund

ii) Revenue from exchange transactions

Rendering of services

The VTC 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 VTC.

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on **xxx**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the VTC upon receiving the respective approvals to conclude the final budget. Accordingly, the VTC recorded additional appropriations of **Kshs. 400,000** on the FY 2024/2025 budget following the Board's approval. The VTC'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

c) Taxes

Current income tax

The VTC 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. 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 VTC 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 VTC. 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 VTC 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 VTC 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 VTC. 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) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one VTC and a financial liability or equity instrument of another VTC. At initial recognition, the VTC 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 VTC 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 VTC'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 cash flows 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 VTC 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 VTC 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 VTC 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 VTC 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 VTC recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

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

k) Provisions

Provisions are recognized when the *VTC* 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 *VTC* 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

Kieganguru VTC 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

Kieganguru VTC 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 *VTC* 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.

l) 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 VTC 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 VTC will incur in fulfilling the present obligations represented by the liability.

m) Service concession arrangements

Kieganguru VTC 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 VTC 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 VTC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

n) 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 various commercial banks at the end of the financial year.

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. This been the first set of financial statements there was no comparative figures.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *VTC'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 *VTC* 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 *VTC*. 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 *VTC*.
- 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

6. Transfer from County Government

Description	FY 2024/2025
	Ksh
Capitation Grants	1,600,000
Total Government Grants and Subsidies	1,600,000

7. Grants from Development Partners

Description	FY 2024/2025
	Kshs
KCB Foundation	206,000
Total Grants from Development Partners	206,000

8. Fees from Students

Description	FY 2024/2025
	Ksh
Tuition Fees	572,475
Total Fees from students	572,475

9. Use of goods and services

Description	FY 2024/2025
	Ksh
Teaching and learning materials	815,900
Electricity	20,000
Water	10,000
Examination fees	77,950
Catering, conferences, and delegations	350,500
Printing and stationery	329,700
Bank charges	1,057
Total good and services	1,605,107

10. Employee Cost

Description	FY 2024/2025 Ksh
Salaries and wages	231,760
Employee Costs	231,760

11. Repairs and Maintenance

Description	FY 2024/2025 Kshs
Equipment and machinery	226,200
Total Repairs and Maintenance	226,200

12. Cash and Cash Equivalent

Description	FY 2024/2025 Ksh
Current Account Capitation Account	268,881
Operations Account	48,713
Total Cash and Cash Equivalents	317,594

13. Receivables from Exchange transactions

Description	FY2024/2025 Kshs
Current Receivables	
Students Fees	132,070
Total Current Receivables	132,070

14. Financial Risk Management

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

(i) Credit risk

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

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

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

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

a) Interest rate risk

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

Management of interest rate risk

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

iv) Capital Risk Management

The objective of the VTC's capital risk management is to safeguard the VTC's ability to continue as a going concern. The VTC capital structure comprises of the following funds:

15. Related Party Balances

Nature of related party relationships

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

16. County Government of Tharaka Nithi

The County Government of Tharaka Nithi is the principal shareholder of Kieganguru VTC. The County Government of Tharaka Nithi has provided full guarantees to all long-term lenders of the VTC, both domestic and external. Other related parties include:

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

17. Events After The Reporting Period

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

18. Currency

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