

REPUBLIC OF KENYA



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REPORT

NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 MAR 2026	DAY: Thursday
Tabled BY:	Hon. Owen Baya, MP Deputy Leader of Majority Party
CLERK-AT THE-TABLE:	A. Shibusko

THE AUDITOR-GENERAL

ON

**MWITERIA VOCATIONAL TRAINING
CENTRE**

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



MWITERIA 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)

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

Table of Contents

1.	Acronyms, Abbreviations, and Definition of Key Terms	ii
2.	Key Entity Information and Management	iii
3.	The Board of Management	v
4.	Key Management Team	viii
5.	Chairman’s Statement	ix
6.	Report of the Principal/Manager	x
7.	Statement of Performance against Predetermined	xiii
8.	Corporate Governance Statement	xiv
9.	Management Discussion and Analysis	xvi
10.	Environmental And Sustainability Reporting Statement	xvi
11.	Report of the Board of Management	xix
12.	Statement of Board of Management Responsibilities	xxx
13.	Report of the Independent Auditor	xxii
14.	Statement of Financial Performance For The Year Ended 30 June 2025	1
15.	Statement of Financial Position As At 30th 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 June 2025	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025	5
19.	Notes to the Financial Statements	7
20.	Appendices	21

1. Acronyms and Definition of Key Terms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
VTC	Vocational Training College
TVET	Technical Vocational Education and training

2. Key Entity Information and Management

(a) Background information

Mwiteria vocational training centre was established under the TVET Act in 2013. The entity is domiciled in Kenya Meru County . The institution is under the County Department for Education.

The institution offers the following artisan programme:

Arc welding, electrical installation, dressmaking, motor vehicle mechanic, hairdressing and beauty.

(b) Principal Activities

The principal activity of the entity is to produce competent, dependable, innovative and creative human resource that meet technological knowledge for sustainable development.

Vision: To be a centre of excellence in providing quality t training for self-Reliance.

Mission: To produce competent, dependable, innovative and creative human resource that meets technological knowledge for sustainable development.

(c) Key Management

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

- Board of governor,
- Accounting Officer/ 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.	Manager	Francis kilemi
2.	Deputy manager	Mary Njeri

3. Key Entity Information and Management

(e) Background information

Mwiteria vocational training centre was established under the TVET Act in 2013. The entity is domiciled in Kenya Meru County . The institution is under the County Department for Education.

The institution offers the following artisan programme:

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(f) Principal Activities

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- Board of governor,
- Accounting Officer/ Manager
- Management.

(h) 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.	Manager	Francis kilemi
2.	Deputy manager	Mary Njeri

Key Entity Information and Management(continuation)

(i) Fiduciary oversight arrangement

s/no.	Name of committee	Members
1	Finance committee	Edna Makena-chairperson
		Charles gatandi
		Juster gakii
2	HRM committee	Stephen linturi-chairperson
		Julius mutethia
		Irene nkatha
3	Risk and audit committee	Eric murira
		Modester kijana
		Nicholas muriki

(j) Entity Headquarters

P.O. Box 2763-60200
Meru Eastern By-pass
MERU, KENYA

(k) Entity Contacts

Telephone: (254)798289985
E-mail: mwiteriavtc@gmail.com
Website: xxx.go.ke

(l) Entity Bankers

Kenya Commercial Bank
P.O Box 178-60200
Meru
Co-operative Bank
P.O Box 1328-60200
Meru

(m) 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 (continuation)

(n) Principal Legal Adviser





The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
County Attorney
P.O BOX 120-60200
Meru.

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

4. The Board of Management

	<i>Member</i>	<i>Details</i>
1.	 <p>Name: Eric Murira Profession: Accountant Academic: CPA(K)</p>	<p>Date of birth: 1987 Qualification: CPA Work experience: 10 years in accounting Post in BOM: Chairman</p>
2.	 <p>Name: Julius Mutethia Profession: Teacher Academic: Bachelor of Education</p>	<p>Date of birth: 1963 Qualification: Bachelor of education Work experience: 35 years in secondary school teaching Post in BOM: Vice chairperson</p>
3.	 <p>Name: Edna Makena Profession: Business lady Academic: Diploma education</p>	<p>Date of birth: 1998 Qualification: Diploma Education Work experience: 5 years in clothing business Post in BOM: 3rd signatory</p>

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

4.	 Name: Francis Kilemi Profession: Instructor Academic: Diploma Education	Date of birth: 1992 Qualification: Bachelor of Commerce Work experience: 8years in marketing Post in BOM: Member
5	 Name: Francis Kilemi Profession: Instructor Academic: Diploma Education	Date of birth: 1979 Qualification: Diploma in education Work experience: 14years:4 years in secondary school and 10 years in VTC Post in BOM: Secretary
6.	 Name: Modester Kijana Profession: Teacher (rtd) Academic: Diploma education	Date of birth: 1959 Qualification: Diploma education Work experience: 35 years teaching in primary school Post in BOM: Member
7.	 Name: Peter Kirimi Profession: Teacher Academic: Bachelor Education	Date of birth: 1976 Qualification: Bachelor Education Work experience: 10years teaching in primary school Post in BOM: Member



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

8	Name: Ernest Mutembei Profession: Building Academic: Diploma Building	Date of birth: 1979 Qualification: Diploma Building Work experience: 12years in building and construction Post in BOM: Member
9	Name: Sidney Muthamia Profession: Craft Electrical Academic: Diploma Building	Date of birth: 1998 Qualification: Craft Electrical Work experience: 4years in boda boda business Post in BOM: Member
10	Name: Mercy K. Maingi Profession: Snr Chief(rtd) Academic: Secretarial	Date of birth: 1962 Qualification: Secretarial Work experience: 35 years Post in BOM: Member
11	Amalla K. kithure	

MWITERIA VTC

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

5. Key Management Team

S N .	Member/ Director	Details
1.	 <p>Name: Francis Kilemi Profession: instructor Academic: diploma education</p>	<p>Date of birth: 1979 Qualification: Diploma mechanical engineering Work experience: 14years Manager</p>
2.	 <p>Name: Mary Njeri Profession: Instructor Academic: Diploma Education</p>	<p>Date of birth: 1979 Qualification: Diploma Education Work experience: 14years Deputy manager</p>

MWITERIA VTC

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

6. Chairman's Statement

I feel honoured to present the annual report and financial statement for the Mwiteria Vocational Training Centre for the year ended 30th June 2025.

Within the year under review, we embarked on various ways of promoting access to skills acquisitions and trainee sustainability. This involved members extensively on fighting stereotype on programmes offered by the vocational training centre.

During the same financial year, the following achievements were attained:

1. Improvement on enrolment from 30 to 76.
2. Completion of first phase on storey workshops.
3. Participation in Meru County inter VTCs ball games competition.
4. Participation in ASK show exhibition.
5. Developed good ties with the neighbouring local industry where trainees can be attached.
6. Rigorous marketing.
7. Partnering with the well-wishers in helping the needy trainees.

During this period, we majored in improving enrolment because it's the baseline of majority of the strategic objectives.

Our trainees got financial support through the bursary. Additionally, the county government had disbursed capitation. together with the bursary, they have promoted sustainability of trainees in the institution.

My gratitude goes to the county government through the governing board, for allowing the institution to put up workshops foundation that will accommodate storeyed workshop in future.

Also, I would like to appreciate the board members for their input in this noble community activity. We as a board, are pleased with the steps the institution is making in promoting access and sustainability

Further, we are encouraged by the institution activities on proper use of resources in order to achieve progress.

Lastly, I would like to thank other stakeholders that I have not mentioned. Your support: material, ideas, criticism and dedications we kindly appreciate.


Eric Murira

Chairman board of Management

7. Report of the Manager

Presented herein is the annual report and financial statement of Mwiteria Vocational Training Centre for the year ended 30th June 2025 as per the requirements of the public finance management act of 2012 and public audit act ,2015

Non-financial information

During the financial year 2024/25, the institution had the following 6 courses

1. Academic programmes

- Arc welding
- Electrical installation
- Dressmaking
- Hairdressing and beauty
- Motor vehicle mechanic

2. Trainees population

The institution admits trainees through outsourcing mainly and very few walk in case.

By the end of financial year 2023/24, the institution had 33 trainees. this number increased to 76 by the end of the financial year under review. This was as a result of the following:

- Rigorous marketing
- Collaboration with the local administration in identifying potential trainees
- Members of the board together with the area administration looked for the well-wishers who supported partially on fees payment to the needy trainees

further the following achievements were realized

1. Completion of first phase on storey workshops
2. Participation in meru county inter-VTCs ball games competition. the institution managed to take football teams
3. Participation in ASK show exhibition where trainees show cased the projects they do while in training
4. Developed good ties with the neighbouring local industry where trainees can be attached and also be allowed for periodic field visits

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

5. Rigorous marketing. This involved board, local administration and the community
6. Partnering with the well-wishers in helping the needy trainees.

However, there were challenges that were faced during this period as follows:

- Lack of enough instructors and support staff
- Lack of enough infrastructure. different levels of trainees were being placed in the same workshop the same time. A section of the workshop being used as an ICT lab, a make shift workshop for the automotive
- Poor fee payment by trainees because majority come from slum areas surrounding the institution
- Noise Disturbances from the neighbouring temporary green banana market
- High dropout rate

On behalf of Mwiteria VTC, I would like to thank staff fraternity for their tireless effort in supporting daily running of the institution. I also thank our trainees, their parents and guardian for playing their role in supporting the institution.

Other stake holders to feel appreciated. The effort you have made tirelessly has made us make many strides.



Francis Kilemi
Manager

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

8. Statement of Performance against Predetermined Objectives

REVIEW OF MWITERIA VOCATIONAL TRAINING CENTRE FOR 2024/2025
 FINANCIAL YEAR

Mwiteria vocation training centre has 5 objectives within strategic plan

- Objective 1: To Improve enrolment
- Objective 2: To improve infrastructure
- Objective 3: To acquire land title deed
- Objective 4: To improve curriculum implementation
- Objective 5: To introduce boarding facilities

Mwiteria VTC develops its annual work plans based on the above 5 objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. For the period 2024/2025, the board decided to only deal with the objective 1. The Mwiteria VTC achieved its performance target set for the FY 2024/2025 period for its first objective, as indicated in the diagram below:

Objectives	Strategic pillar	Key Performance Indicators	Activities	Achievements
To improve enrolment	Marketing outreach	Increase in number of trainee	Community engagement	Several meetings were attended were marketing as done
	Digital platforms	Availability of facebook, tiktok accounts	Creation of tiktok ,facebook accounts	Increased awareness on programmes

MWITERIA VTC

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

	Improve in academic programs	Presence of short course in ICT	Sensitisation on short course	New trainees enrolled in ICT
	Trainee support services	Financial aid programmes	Engagement with well-wishers	40 trainees were set for helped on fee payment
	Collaboration & Partnership	Linkage with the local industries	Engaging industry players	Partnership formed with deem auto garage pending MOU

9. Corporate Governance Statement

i) Appointment of board members

They are nominated by a panel comprised of:

- ✓ Vocational training officer
- ✓ VTC manager
- ✓ Area member of county assembly
- ✓ VTC Sponsor- MCK
- ✓ The area chief
- ✓ Ward administrator

For one to qualify in nomination, the following qualifications are meant:

- ▯ Minimum academic qualification is KCSE
- ▯ Person of integrity willing to serve on voluntary basis

The nomination panel ensures that at least one third of the nominees are women.

Demographics of the board

2 persons were nominated by the MCK superintendent minister

2 persons nominated to represent the community

2 persons to represent the youth

1 person with special needs

1 person represents the local industry

1 person special interest

3 persons were co-opted

VTC manager is the secretary

ii) Roles of the board

- a) Provide proper facilities for the institution
- b) Develop strategic plan for the institution
- c) Create conducive environment for trainees and staff
- d) Collaborate with the county department of education on staffing needs of the institution
- e) Promote best interest of the institution

MWITERIA VTC

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

- f) Mobilize resources for the purpose of the institution subject to financial management act
 - g) Preparation of the annual report
 - h) Prepare strategic plan for the institution
 - i) Perform any other function to facilitate the implementation of its functions, guidelines provided and other related laws
- iii) Induction, training and development

Board members were trained on their roles in the vocation training centre during the inauguration

- iv) board and members' performance
- v) board meetings and attendance

We have held three board meetings: one member has never tuned up, 3 other members did not pick their appointment letters.

- vi) Succession plan

During nomination 3 members were retained

- vii) Policy to manage conflict of interest

For now, this is not available

- viii) Board remuneration

the institution only offers a constant travel allowance of ksh. 1000 per member per meeting.

- ix) Ethics and conduct

members encourage integrity in order to propel the institution forward

- x) Governance and audit
- xi) Communication policy

The chairperson when necessary can communicate to members through the board secretary .at the same time the secretary can consult the chairperson first before passing any message to the other members. There are some agendas which are discussed at executive level before being communicated to the full board for adoption.

- xii) Terms of reference of committees
- xiii) Policy on related party transaction

10. Management Discussion and Analysis

The board was initially well constituted. However, 3 members have never turned up for the meeting, because three meetings have been made, the process of replacement will start. The other side of management is led by the manager as the head being assisted by deputy manager in both academic and administrative roles. The institution has non-academic staff : cook and a security person

During the period we were able to renovate the gate at Ksh 7700

11. Environmental And Sustainability Reporting Statement

Mwiteria Vocational Training Centre it's within a community to transform the same community skill wise. It's this desire to transform that drives us towards the goals.

i. Sustainability strategy and profile

Mwiteria Vocational Training Centre is a training institution under Meru county government

In the department of education, directorate of vocational, education and training. The institution is committed to produce competent, innovative and dependable skilled manpower to the community.

The institution engagement with the community is at high level because it was realised that it's the backbone of our enrolment. The institution is in good relationship with the political class because they do support in some cases. Moreover, other stake holders have come in handy as well-wishers to rescue some needy cases.

Through the effort of the local administration and the institution, the community is now well versed with the programmes that are offered at the institution.

The partnership with young Africa works through collaboration with colleges and institutes of Canada (Cican) has helped our trainers in training and assessment of life skills.

ii. Environmental performance

In Mwiteria Vocational Training Centre we are committed in environmental conservation.

Waste materials like paper, are put in a bin where they are burnt in a compost.

New flowers have been planted.

iii. Employee welfare

The hiring procedure has been in place. The vacancies are identified, then its budgeted/a proposal for the finances needed is approved. The board advertises. Applications are received and shortlisting is done as per the advert putting into consideration gender and experience. The qualified candidates are contacted via email and phone calls. Panellist develops a score sheet. each separately enters the marks of the interviewee. Scores are discussed; the average is done. the top scorer is declared successful. the best candidate is contacted and given day to report then he/she under goes orientation.

iv. Marketplace practices-

The organization should outline its efforts to:

a) Responsible competition practice.

The institution is corruption free zone. We encourage fair competition always.

On political involvement, we encourage politicians to support our trainees and institution on getting resources and creating new linkage with well-wishers.

The institution has introduced paybill to encourage cashless payment.

b) Responsible Supply chain and supplier relations

The institutions encourage good business practices through the following:

- ❖ Honouring the agreed contracts with the suppliers.
- ❖ Respecting the payment practices after undergoing inspection process.
- ❖ Competitive procurement process.

c) Responsible marketing and advertisement or Responsible engagement with the citizens

The institution encourages ethical marketing /responsible marketing through the following:

- ✓ Keeping off from false promises.
- ✓ Avoiding antisocial advertisement.
- ✓ Encourage giving of detailed information concerning the institution, the programmes offered and answering questions appropriately from clients.
- ✓ Promoting respect to our clients during marketing within or outside the institution.

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

v. Corporate Social Responsibility / Community Engagements

Trainees in hairdressing and beauty get ladies from the community surrounding the institution. Trainees work on their hair/ nails during the respective lessons.

On behalf of the management and the staff of Mwiteria Vocational Training Centre, I take this opportunity to thank the board of the governors for their tireless effort in improving the institution.

On behalf of board of institution management, I thank the county government of meru for support they offer to ensure trainee are busy working in the workshop. we look forward for more facilities and resources from the county government.

It's my sincere hope that we cooperate more in order to achieve more in the next financial year 2025-2026.



Francis Kilemi
Manager

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

12. Report of the Board of Management

The Board members submit their report together with the audited financial statements for the year ended 30th June 2025, which show the state of the Mwiteria Vocational Training Centre affairs.

Principal activities

The principal activities of the institution are:

- To offer vocational education and training in various fields
- To promote entrepreneurial skills through trainees
- Offer guidance and counselling to the trainees and staff
- To encourage collaboration with industry players for quality training

Board of Management

The members of the Board who were nominated during the year are shown on page vii and viii. During the year there was no change in board appointment.

Auditors

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

By Order of the Board



.....
Francis Kilemi

Manager

Date: 03/12/2025

13. Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and schedule 2 section 29 of the TVET Act, 2013 require the Board of Management to prepare financial statements in respect of Mwiteria VTC, which give a true and fair view of the state of affairs of the school at the end of the financial year/period and the operating results of the Mwiteria VTC for that year/period. The Board of Management are also required to ensure that the Mwiteria 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 school.

The Board of Management are responsible for the preparation and presentation of the Mwiteria 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 2024/25 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 Mwiteria 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 Mwiteria 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 Mwiteria VTC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and TVET Act 2013. The Board of Management are of the opinion that the Mwiteria 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 Mwiteria VTC financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the Mwiteria VTC, which have been relied upon in the

MWITERIA VTC

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

preparation of the Mwiteria VTC financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, nothing has come to the attention of the Board of governors to indicate that the Mwiteria VTC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Mwiteria Vocational Training Centre financial statements were approved by the Board on 28th august 2025 and signed on its behalf by:


.....

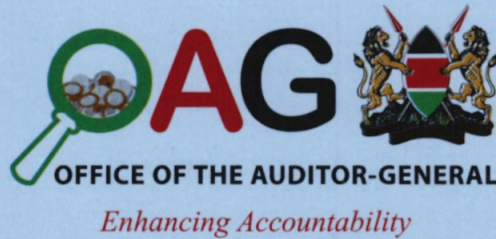
Eric Murira
Chairperson of the Board


.....

Francis Kilemi
Manager

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MWITERIA 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 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 Mwiteria Vocational Training Centre set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mwiteria 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

1.0 Unsupported and Unvalued Property, Plant and Equipment Balance

The statement of financial position reflects Property, Plant and Equipment (PPE) balance of Kshs.943,374 as disclosed in Note 13 to the financial statements. However, the balance was not supported by an asset register to record and track. In addition, the balance did not include the value of land and buildings on which the Training Centre operates. Further, ownership document for land on which the Training Centre is situated was not provided.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.943,374 could not be confirmed.

2.0 Unsupported and Unreconciled Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.67,329 as disclosed in Note 11 to the financial statements. However, bank reconciliation statements, Board of survey reports for the three (3) accounts held by the Training Centre were not provided for audit verification.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.67,329 could not be confirmed.

3.0 Unreconciled Variances Between the Financial Statements and the Supporting Records

Review of the financial statements revealed that three (3) components in the statement of financial performance and four (4) components in the statement of financial position had amounts and balances that were at variance with their related supporting schedules as detailed below;

Component	Financial statement Kshs	Supporting Schedules Kshs	Variance Kshs
Statement of Financial Performance			
Use of Goods and Services	671,775	0	671,775
Employee Costs	297,700	209,600	88,100
Board Expenses	19,000	26,000	7,000
Statement of Financial Position			
Trade and Other Payables from Exchange Transactions	161,700	222,600	60,900
Property, Plant and Equipment	943,373	951,374	8,001
Receivables	372,078	419,026	46,948
Accumulated Surplus	1,221,081	168,084	1,052,997

In the circumstances, the validity, accuracy and completeness financial statements could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mwitieria 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.1,146,560 and Kshs.870,182 respectively, resulting to an under-funding of Kshs.276,378 or 24% of the final receipt budget. Similarly, the Training Centre spent an amount of Kshs.807,776 against actual receipts of Kshs.870,182, resulting to an under-utilization of Kshs.62,406 or 7% 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 report in the year under review.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Lack of a Procurement Plan

The statement of financial performance reflects an amount of Kshs.1,156,560 and Kshs.988,476 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

2.0 Unbalanced Budget

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.1,146,560 against a total expenditure budget of Kshs.2,089,934 resulting in to a budget deficit of Kshs.943,374. This is contrary to Regulation 33 of the Public Finance Management (National Government) Regulations, 2015, which states that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the following guidelines shall be observed at all times during budget formulation and approval- (a) all revenue and expenditure shall be entered into the national government budget estimates and (c) the budget shall be balanced.

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

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

Review of records revealed that the Centre did not comply with the provisions of 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

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

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

2. Lack of an Internal Audit Function and Audit Committee

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

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

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 Training Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

MWITERIA VTC

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


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

	Note s	Period ended 30th June 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	372,000
		372,000
Revenue from Exchange transactions		
Fees from students	7	784,560
Revenue from Exchange transactions		784,560
Total Revenue		1,156,560
Expenses		
Use of goods and services	8	671,775
Employee costs	9	297,700
Board Expenses	10	19,000
Total Expenses		988,476
Net surplus for the year		168,085

The Financial Statements were signed by:


.....
Eric Murira
Chairman of Board

Date *03/12/2025*


.....
Perpetual Gatwiri
Accountant
ICPAK No:21574

Date *03/12/2025*


.....
Francis Kilemi
Manager




Date *03/12/2025*

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

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

Description	Notes	Period ended
		June 2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	11	67,329
Current portion of receivables from exchange transactions	12(a)	372,078
Total Current Assets		439,407
Non-Current Assets		
Property, plant, and equipment	13	943,374
Total Non-Current Assets		943,374
Total Assets (A)		1,382,781
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	15	161,700
Total Current Liabilities		161,700
Non-Current Liabilities		
Total Liabilities (B)		161,700
Net Assets (A-B)		1,221,081
Represented By:		
Accumulated Surplus		1,221,081
Total Net Assets		1,221,081

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

		
Eric Murira Chairman of Board	Perpetual Gatwiri Accountant ICPAK No:21574	Francis Kilemi Manager
Date 03/12/2025	Date 03/12/2025	Date 03/12/2025

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

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

Description	Accumulated Surplus	Total
At July 1, 2024	1,052,997	1,052,997
Surplus for the year	168,085	168,085
At June 30, 2025	1,221,081	1,221,081

MWITERIA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****18. Statement of Cash Flows For The Year Ended 30th June 2025**

Description	Note	Period ended
		30 th June 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	372,000
Fees from students	7	412,482
Total Receipts		784,482
Payments		
Use of goods and services	8	602,776
Employee costs	9	205,000
Board Expenses	10	19,000
Total Payments		826,776
Net Cash Flows from operating activities	16	(42,293)
Cash flows from investing activities		
Purchase of property, plant, and equipment	14	(943,374)
Net cash flows used in investing activities		(943,374)
Net Decrease in Cash and Cash equivalents		(985,668)
Cash & Cash equivalents at the beginning (1 st July)	11	1,052,997
Cash & Cash equivalents at the end. (30 th June)	11	67,329

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

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization on Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Receipts						
Transfers from County Government	372,000		372,000	372,000	-	100
Fees from students	774,560		774,560	498,182	276,378	64
Total Receipts	1,146,560		1,146,560	870,182	276,378	76
Payments	-		-	-		
Use of goods and services	749,660		749,660	602,776	146,884	80
Employee costs	396,900		396,900	205,000	191,900	52
Total Expenditure	1,146,560		1,146,560	807,776	338,784	70
Capital Expenditure payments	943,374		943,374-	943,374	0	
Surplus	-		-	62,407	(62,407)	

20. Notes to the Financial Statements

1. General Information

Mwiteria Vocational Training Centre entity is established by and derives its authority and accountability from Act. The entity is wholly owned by the County Government of Meru and domiciled in Imenti North sub-county. The entity's principal activity is to provide technical skills to the youth within the community.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Mwiteria VTC accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Mwiteria VTC. 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. Adopted standards and interpretations in issue and effective in the year ended 30 June 2025

3. Adopted standards and interpretations in issue and effective in the year ended 30 June 2025

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

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 45: Property Plant and Equipment	<p>Applicable 1st January 2025</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>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

iii. **Early adoption of standards**

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

4. Summary of Significant Accounting Policies

i) **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.

a) **Budget information**

The original budget for FY 2024/2025 was approved by the Board on 03/01/2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2024/2025 budget following the Board’s approval. The entity’s budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented.

b) **Taxes**

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

c) 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.

d) 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.

e) 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.

f) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the *Entity*.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Mwiteria VTC

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

6. Transfers from the County Government

Description	Period ended 30 th June 2025
	Kshs
Unconditional Grants	
Capitation Grants	372,000
Total unconditional Grants	372,000
Total Government Grants and Subsidies	372,000

(b) Transfers from County Government.

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *
	Kshs
Department of Education and Technology County Government of Meru	372,000
Total	372,000

7. Fees from students

Description	Period ended 30 th June 2025
	Kshs
Personal Emoluments	396,900
Utilities	12,600
Boarding Fees	168,060
Examination Fees	10,000
Administration Costs	197,000
Total Fees from students	784,560

Fee from students is revenue from invoices.

8. Use of Goods and Services

Description	Period ended 30 th June 2025
	Kshs
Teaching and learning materials	226,015
Administration expenses	228,203
Electricity	20,000
Water	10,485
Bank Charges	11,651
Skills competition and exhibition	24,340
Examination fees	9,000
Co-curricular expenses	21,600
Catering, conferences, and delegations	92,302
Travelling and accommodation	10,320
Printing and stationery	17,860
Total good and services	671,776

9. Employee Costs

Description	Period ended 30 th June 2025
	Kshs
Salaries and wages	297,000
Employee Costs	297,000

10. Board Expenses

Description	Period ended 30 th June 2025
	Kshs
Chairman's Honoraria	4,000
Directors Emoluments	15,000
Total	19,000

11. Cash and Cash Equivalents

Description	Period ended 30 th June 2025
	Kshs
Current Account	67,329
Total Cash and Cash Equivalents	67,329

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

Financial Institution	Account number	Period ended 30 th June 2025
		Kshs
a) Current Account		
Co-operative Bank	01129418172301	8,421
KCB Bank	1234148455	58,085
KCB Bank	1233331221	822
Sub- Total		67,329

12. Receivables from Exchange transactions**12(a) Current Receivables from Exchange transactions**

Description	Insert Current FY
	Kshs
Current Receivables	
Student Debtors	372,078
Total Current Receivables	372,078

12 (b) Ageing Analysis of Receivables from Exchange Transactions

Description	Period ended 30 th June 2025	
	Period ended 30 th Jun 2025	% of the total
Less than 1 year	100	%
Total (a+b)	100	%

13. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 th June 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	943,374	943,374
At 30 th Jun 2025	-	-	-	-	-	-	943,374	943,374

Being construction of substructure workshop.

14. Trade and Other Payables from Exchange Transactions

Description	Period ended 30 th June 2025	
	Kshs	
Trade payables	69,000	
Salaries	92,700	
Total Trade and Other Payables	161,700	
Ageing analysis:	Period ended 30th June 2025	% of the Total
Under one year	100%	100%
Total	100%	100%

15. Cash generated from operations.

	Period ended 30 th June 2025
	Kshs
Surplus for the year	168,084
Adjusted for:	
Working Capital Adjustments	
Increase in Receivables	(372,078)
Increase in Payables	161,700
Net Cash Flow from Operating Activities	(42,393)

16. Financial Risk Management

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

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

(i) Liquidity risk management

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

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	161,700	0	0	161,700
Total	161,700	0	0	161,700

(ii) Market risk

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

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

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

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

Mwiteria VTC

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

a) Interest rate risk

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

b) Management of interest rate risk

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

iii) Capital Risk Management

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

Description	Period ended 30 th June 2025
	Kshs
Retained Earnings	1,221,081
Total Funds	1,221,081
Total Borrowings	0
Less: Cash and Bank Balances	67,329
Net Debt/(Excess Cash and Cash Equivalents)	67,329
Gearing	0

17. Related Party Balances

Nature of related party relationships

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

County Government of Meru

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

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

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

Description	Period ended 30 th June 2025
	Kshs
Transactions with Related Parties	
a) Grants /Transfers from the Government	
Grants from County Government	372,000
Sub-Total	372,000

Mwiteria VTC

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

Description	Period ended 30 th June 2025
	Kshs
b) Key Management Compensation	
Board of Management emoluments	19,000
Sub-Total	19,000
	19,000

18. Events After The Reporting Period

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

19. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20.

Appendices

Appendix I Implementation Status of Auditor-General Recommendations

The entity has no previous audit queries since it reporting for the first time.



.....
Francis Kilemi
Manager

Date

08/12/2025

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

Appendix II- Inter-Entity Confirmation Letter


Name of transferring entity: County Government of Meru

Name of beneficiary entity: Mwiteria VTC


Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	26/Feb/2025	117,000		117,000	
	26/Feb/2025	255,000		255,000	
Total		372,000		372,000	


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

Head of Accounts Department - Disbursing Entity:

Name Douglas Koria Sign  Date 03/12/2025

Head of Accounts Department - Beneficiary Entity:

Name FRANCIS KITEMI Sign  Date 03/12/2025



MWITERIA VOCATIONAL
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