REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

URUKU VOCATIONAL TRAINING CENTRE

FOR THE YEAR ENDED 30 JUNE, 2025

URUKU 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)

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1. Acronyms and Definition of Key Terms

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

1 Key Entity Information and Management

(a) Background information

The institution was incorporated/ established under the TVET Act 2013 AND registered by TVET in 2018. The entity is domiciled in Kenya and has no branches. The college is under the County Department for Education. Currently the institution has the following courses:

a. Fashion and design
b. Welding
c. Hair dressing and beauty
d. Building and Construction
e. Plumbing technology
f. ICT

(b) Principal Activities

The principal activity of the institution is to provide quality TVET skills using appropriate technology to empower trainees for global competitiveness.

Motto

To be a region centre of excellence in technical and entrepreneurial skills

Mission

To impact technical and innovative skills that enable the youth provide solutions to the arising global needs

Vision

To be a centre of excellence in providing high quality and adequate technical skills, entrepreneurial and life skills to the nation.

(c) Key Management

The institution day-to-day management is under the following key organs:

- Board of Management, etc.
- Accounting Officer/ Principal/Manager
- Head of departments
- Head of sections

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal/Manager	**FRIDAH GACHERI MUGAMBI**
2.	Deputy Principal/Assistant Manager Finance	**PERMINUS WANJOHI**
3.	Deputy principal/Assistant Manager Academics	**JANE KABURO**
4.	Dean of trainees	**LYDIA MURIITHI**

(e) Fiduciary Oversight Arrangements

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

No.	*Name*	*Designation*
1.	FRIDAH GACHERI	*Manager*
2.		*Assistant manager finance*
3.	PERMINUS WANJOHI	
4.		*Assistant manager academics*
5.	JANE KABURO	
6.	LYDIA MURIITHI	*Dean of trainees*

Audit and risk committee activities

- To evaluate adequacy of management procedure with regards to issues relating to risk management, control and governance.
- To review external audit findings and recommendations and propose corrective and preventive actions where necessary.
- To exercise such other powers as the board may from time to time delegate to the committee.

Finance and operations committee activities

- To ensure accurate records are kept on the establishments in the institution
- To receive, consider and submit the proposed budget estimates from the various institutions for board approval.
- To report to board on matters related to finance and development
- To exercise such other powers as the board may from time to time delegate to the committee.

Academic committee activities

- Formulation and review of academic policy
- Quality assurance
- Development and implementation of new programmes
- Determination of resources
- Curriculum evaluation

(f) Institution Headquarters

URUKU VTC
P.O. Box 37 - 60205
GITHONGO

(g) Institution Contacts

Telephone: (254) 723870069

(h) Institution Bankers

Kenya Commercial Bank

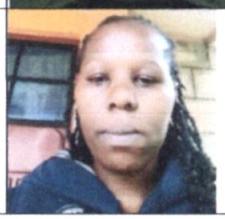
(i) **Independent Auditors**

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

2 The Board of Management

SN.	Member/ Director	Details
1	 *FRIDAH GACHERI MUGAMBI* *EDUCATION;DIPLOMA IN CLOTHING TECHNOLOGY* *BOG SECRETARY/Ag principal*	*DOB: 1982* *EXPERIENCE;14YRS* *BOG Secretary/Principal*
2	 *ROSE BUNDI* *Education certificate in theology* *Chair person*	*ROSE BUNDI (Chairperson)* *DOB: 1979* *Experience;10 yrs*
3	 *GEORGE KIOGORA* *EDUCATION;KCSE* *3RD SIGNATORY*	*DOB: 1976* *FARMER*
4	 *PETER MUTETHIA* *EDUCATION : DIPLOMA IN THEOLOGY* *Vice-Chairperson*	*DOB: 1979* *PASTOR* *Experience;20yrs* *Vice-Chairperson*
7.	 *PETER MISHECK* *EDUCATION; DIPLOMA IN THEOLOGY* *Member*	*DOB: 1963* *PASTOR* *EXPERIENCE 25YRS*
8.	 *HENRY MBURUGU* *EDUCATION. DIP IN ELECTRICAL*	*HENRY MBURUGU* *DOB: 1964* *EDUCATION: DIP. ELECTRICAL* *Member*
9.	 *JOSEPHINE GATWIRI* *EDUCATION;DIP.CO-OPERATIVE MANAGEMENT.*	*DOB: 1984* *EXPERIENCE; 13YRS* *Member*

10.	 *ELIZABETH KINYA* *EDUCATION: KCSE* *Member*	*ELIZABETH KINYA* *DOB 1975* *EXPERIENCE. BUSSINESS* *10 YRS*
11.	 BETH GIKUNDA EDUCATION ;DIP IN ICT MEMBER.	*BETH GIKUNDA* *DOB: 1987* *EDUCATION: DIP. INFORMATION TECHNOLOGY* *Member*
12.		
	***(Note:** The Principal and the Secretary to the BoM will feature both under the 'Board' and 'Management').*	

3 Chairman's Statement

I am happy to present the annual report and financial statement of URUKU Vocational Training Centre for the year ended June 30th 2025. The demand for TVET programmes in the country has gone up to forcing the institution to respond to the demand of the market. The aim of the board is to position Uruku V.T.C main programme within the context of the market needs, cost rationalization, equity and customer testimony.

I am pleased to inform you that most of the goals set out within the year have been achieved, these are:

a. High growth of trainees in the institution.

b. Development of various physical infrastructure in the institution.

c. Competitive recruitment of staff both trainees and support staff.

d. Development of various physical infrastructure in the institution.

The institution has received capitation and bursary from the county government for trainees. It has witnessed significant growth of the institute assets that has promoted a good training environment for both the trainees and the trainers. I therefore sincerely thank the board who have provided this useful information to the college management making it possible to collectively make progress.

The board remains committed to building on the foundation laid down so far and work closely with all the stakeholders in order to realise further development.

The board is happy with the efforts of the county government to ensure wise management of the resources. I sincerely thank the government for its financial support that has made it possible to implement the functions and programmes. Finally, I wish to thank all stakeholders for their continued support and dedication.

Rose Bundi

Chairperson

3/12/25

4 Report of the Principal/Manager

I am pleased to present the Annual report and Financial statements of URUKU VTC for the financial year ended 30th June 2025. URUKU VTC is an academic institution committed in generating and transmitting knowledge, skills and right attitudes through technical, innovation and vocational for self-reliance of our trainees and bridge the skill gap in the market.

Academic and student affairs

During the financial year under review, the institution has remained on the course. The main focus which has been quality, relevance, access and sustainability intended to reshape the institution with a view to living up to its vision and mission.

a. **Students Welfare**

URUKU Vocational Training centre continued to support the welfare of trainees to enhance them academic environment in the spirit of producing one of the greatest challenges in the management of student's welfare.

One of the greatest challenges in the management of student's welfare is the bright trainees from poor backgrounds. In order to reduce incidence, due to lack of school fees, the institution encourages trainees to apply for bursaries from ward fund, CDF and NGAAF.

During the period under review, the institution supported the trainees to participate in the county ball games and managed to immerge best teams and ranked third in overall competitions and Ask show.

b. Institution Infrastructure

URUKU VTC initiated different projects geared to its objectives as per the strategic plan. These includes but not limited to:

(i) Construction of a hostel funded by ward fund not yet complete.

(ii) Practice of horticulture farming to feed trainees.

(iii) Acquired tools and equipment's to:

- Metal processing technology
- Hair dressing and cosmetology
- Fashion and design

(iv) Uruku VTC has been able to repair and maintain tools and equipment.

c. Administration

I am humbled to convey my sincere appreciation and gratitude to the board of governors of Uruku V.T.C for their support, commitment and dedication to their work to see to it that Uruku VTC move towards to attain its vision.

During the year under review, Uruku VTC has received no trainers from the County Government of Meru. Due to this, under staffing in different trade skills, the BOG had to source for casual trainers and support staff based on the skill gaps and needs identified.

Fridah Gacheri
3/12/25
Ag. Principal

5.Statement of Performance against Predetermined Objectives

Uruku VTC has *5* strategic pillars and objectives within current Strategic Plan for the 24 - FY 25. These strategic pillars are as follows:

Pillar 1: Grow the education and TVET programmes.

Pillar 2: Promote equity and quality education and training.

Pillar 3: Strengthen organisation development and capabilities.

Pillar 4: Establish contemporary learning services and facilities.

Pillar 5: Pursue stakeholders partnerships and collaborations.

Uruku VTC develops its annual work plans based on the above *5* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2024/25 period for its 5 strategic pillars, as indicated in the diagram below:

trategic Pillar	Strategic pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Grow the education & TVET programmes	Growing the education & TVET programmes	Improved service delivery Modern Motor Vehicle Technology capability adopted in management & training. Number of partnership developed with key stakeholders	Benchmarking of the institute services against our competitor. Invest in Motor Vehicle Workshop capability to support service delivery. Enhance partnership with the stakeholders	Benchmarked with neighbouring institution on motor vehicle technology workshop. Initiated the automation of the key departments finance, administration and exams. Established partnership with Githongo Auto workshops for modern vehicles repair and maintenance.
	Promote equity & quality education and training.	Promoting equity & quality education and training.	Number of trainers in courses mainly dominated by the opposite gender. Number of trainers who participated in the capacity building workshops Number of trainers who participated in the capacity building workshops.	Advocate for the participation of both gender in the TVET programmes. Intergrated plan that focuses on enhancing trainers excellence.	High enrolment in motor vehicle mechanic course. The institute sent automotive trainers to Meru National Polytechnic for the training organized by CBET/CDACC

Pillar 3:	Strengthen organisation development and capability	Strengthening organisation development and capability	Number of new financial streams established by the institute. Performance appraisal tool developed for non-teaching staffs Reward and sactions system based on appraisal report.	Enhance financial sustainability of the institute. Celebrate staffs success formally through retreats .	Institute has been selling agriculture produce from the farm. Staffs are being rewarded according to their performance.
Pillar 4:	Establish contemporary learning services and facilities.	Establish contemporary learning services and facilities	Suggestion boxes	Establishing a client relationship management by maintaining customer visitors and customers feedback systems	Suggesting management systems in place Customer complains and compliment tools in place
Pillar5:	Pursue holders partnerships and collaborations	Pursuing stakeholders partnerships and collaborations	Number of meeting in year Number of business opportunities	Strengthens external networks with the industries .	Held meetings with the community e.g . church gatherings, public barazas etc.

6 . Corporate Governance Statement

The mandate of TVET in Kenya is spelt out in the TVET act 2013. Every TVET institution is governed by a governing body in the form of a council/B.O.G which is responsible for providing the required leadership in developing appropriate plans and strategies that will contribute to a sustainable execution of its mandate.

The nomination committee is responsible for identifying and recommending suitable candidates for board membership. Candidates are evaluated based on professional qualifications, experience, leadership skills, integrity and ability to contribute effectively on board responsibilities. Diversity in terms of skills, gender age and cultural background is considered to ensure balanced and decision making.

Prospective candidates are subjected to a rigorous vetting process, which may include background checks and reference. The final appointment is approved by the board and where applicable, ratified by shareholders at (AGM) in accordance with company articles of association.

Newly appointed board members undergo induction program to familiarize with the institution. A board member can resign voluntarily or be removed in accordance with the provisions of company acts. All appointments and changes in the composition of board are disclosed to institution through effective communication. The following are functions of board members:

a. Ensure the institution compiles with laws , regulations and internal policies.
b. Approve and monitor the institution strategic plan
c. Approve budgets and financial reports.
d. Monitor financial performance and sustainability.
e. Risk mitigation strategies.

Induction helps new board members to understand their responsibilities and it is done through orientation, one on one meetings and board mentor. Ongoing training ensures board members stay current with best practices whereby seminars are held and in-house workshops. For the development of board to be effective there should be:

a. Board evaluations
b. Succession planning
c. Retreats
d. Committee participation

The full board meeting is held quarterly, committee meetings is held quarterly or monthly, annual

general meeting is held once in a year and special meetings are emergency meetings which are held at any given time. The minimum attendance of board members is 75% and members are expected to attend most committee meetings.

Succession plan ensures continuity, leadership and effectiveness on the board by identifying and preparing future board leaders and members. The succession plan is reviewed annually. Board members are compensated when they meet as a way of appreciation for commitment, responsibility and expertise. Board members must demonstrate integrity, accountability, transparency and responsibility. They are held high because they serve as stewards of the institution. The board members are expected to act with integrity, avoid conflicts of interest and always act in the best interest of the institution.

Governance audit ensures board performance, identity strength and weaknesses , support continuous improvement in board operations and enhance transparency . Internal communication is the channel used to enhance effective communication by use of board portals and secure emails. All board members must disclose related party interests annually or when circumstances change.

7. **Management Discussion and Analysis**

The BOG of URUKU VTC has been very supportive to the institution and has fully performed its oversight role in whole and through the BOG committees. The management team is also well constituted with the Principal the team leader, deputy principal in charge of administration, deputy principal in charge of academics, dean of trainees, finance officer liason officer in charge of attachments and the head of guidance and counselling officer.

8. Environmental And Sustainability Reporting Statement

i. Sustainability strategy and profile

Innovation and technology: The institution has put a lot of effort in sustainability inorder to reduce environmental impacts in new products and in business activities of training. The institution concentrates in cleaner production and zero-emission technologies.

Collaboration: the institution maintained a good cooperation and active collaboration with various business partners which include suppliers, TVET institutions, polytechnics and others working in common programmes and networks on innovative products and technologies. Exchange of information and knowledge through conferences.

Knowledge management: the institution has planned, developed, organized, maintained, transferred, applied and ensured specific knowledge and how to improve the organizational knowledge.

Sustainability reporting: the institution maintained considerable reporting of sustainability issues within the board meeting reports.

ii. Environmental performance

This dimension deals with environmental impacts due to corporate activities. These environmental impacts are caused by resource use and emissions into air, water, ground and hazardous waste.

Ecological sustainability

This deals with environmental impacts due to corporate activities. These environmental impacts are caused by resource use and emissions into air, water as well hazardous waste. The impact on biodiversity and environmental issues of the product over life cycle are of importance.

Sustainability strategies

This is measured by impacts but within the corporate that focus has to be laid on the effects causing these impacts e;g higher maturity levels are more concentrated on causes rather than effects.

Emission of air

Emission of air due to corporate activities in institution does not emit any pollution to air as we are training.

iii. Employee welfare

Corporate governance – transparency in all its activities in order to distinguish relationship Towards its stakeholders. During the financial year the institution recruited staff using the laid down recruitment procedures. This was done through the guidance of public service commission who give insight into all relevant data, following rules of recruitment and defining responsibilities of board.

Staff motivation and incentives: this is involvement and function of management on sustainability of all employees being aware of their needs, claims and motivation factors of employees in order to implement sustainability sufficiency into the organization due to support

of management for acting sustainable way (time, money, resources) the management developed and implemented incentives and rewards (monetary)

iv. Marketplace practices-

The organization should outline its efforts through:

a) Responsible competition practice.

The institution practices responsible competition by following normal procedure of marketing. The institution has developed an anti-corruption policy and non-political adherence.

b) Responsible Supply chain and supplier relations

The institution has list of suppliers who were qualified through advertisement. The policy of institution is to pay all the bills at the end of every month and this has created a good rapport with suppliers and service providers.

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

The institution carries out normal marketing of school through road trips in various parts of the country marketing the courses offered. Media adverts in various radio stations and televisions to create awareness to the people. Talks to public about the courses that are offered in our institution whenever there is community gathering.

d) Product stewardship or Awareness creation

Trainees trained in URUKU VTC are competently prepared emotionally and spiritually. They are equipped with hand on skills to make a difference in this generation and the generation to come. URUKU VTC is committed to offering the best and quality training.

v. Corporate Social Responsibility / Community Engagements

URUKU VTC being a public entity embraces the policy of corporate social responsibility through engaging in the following:

a. Charitable activities. The institution has been offering material and spiritual support to needy children in various children homes through donation of food stuffs and cloths.
b. Environmental improvement activities: introduction of community periodical cleaning day at Uruku market has been one of the environmental activities of the institution.
c. Academic mentorship: URUKU VTC in conjunction with local secondary schools was involved in offering career advice to students within the sub county during financial

year. The institution also offered internship and attachment to qualified youths from the surrounding community and institution

1. 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 institution affairs.

Principal activities

The principal activities of the institution are to offer technical and vocational training.

Results

The results of the entity for the year ended June 30 are set out on page 22....

Board of Management

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

Auditors

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

By Order of the Board

Fridah Gacheri

Principal Uruku VTC

URUKU VOCATIONAL TRAINING CENTRE
03 DEC 2025
P. O. BOX 37, GITHOMGO

Date: 3/12/25

9.Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board of Management to prepare financial statements in respect of that institution, which give a true and fair view of the state of affairs of the institution at the end of the financial year/period and the operating results of the institution for that year/period. The Board of Management are also required to ensure that the institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution. The Board of Management are also responsible for safeguarding the assets of the institution.

The Board of Management are responsible for the preparation and presentation of the institution financial statements, which give a true and fair view of the state of affairs of the institution for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the institution, (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 institution 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. The Board of Management are of the opinion that the institution financial statements give a true and fair view of the state of institution transactions during the financial year ended June 30, 2025, and of the institution financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the institution, which have been relied upon in the preparation of the institution financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

The institution financial statements were approved by the Board on 28/8 2025 and signed on its behalf by:

Rose Bundi

Chairperson of the Board

Fridah Gacheri Mugambi

Principal/Manager

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON URUKU 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 Uruku Vocational Training Centre set out on page1 to 27, 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 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 Uruku Vocational Training Centre at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Assets

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

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

2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.718,116 as disclosed in Note 5(a) to the financial statements. However, bank reconciliation statements, board of survey reports for the two (2) bank accounts held by the Training Centre were not provided for audit verification.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.718,116 could not be confirmed.

3. Unsupported Amounts and Balances

The statement of financial position reflects current portion of receivables from exchange transactions and payables balances of Kshs.210,000 and Kshs.50,000 respectively. However, the balances were not supported by schedules and other supporting documents. In addition, the statement of financial performance reflects use of goods and services amount of Kshs.373,927 which has also not been supported by appropriate schedules and other supporting documents.

In the circumstances, the accuracy and completeness of the respective amount and balances could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Uruku 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 budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.1,457,570 and Kshs.1,280,630 respectively, resulting to an under-funding of Kshs.176,940 or 12% of the budget. Similarly, Management spent Kshs.421,927 against actual receipts of Kshs.1,280,630 resulting to under-utilization of Kshs.858,703 or 67% % of the 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 v to xxi 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 Centre's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

Review of the annual report and financial statements submitted for audit revealed that the table of content was incorrectly numbered without sequence and has numbering that does not correspond to the details presented in the performance information and financial statements presented. This was contrary to Section 81(3) of Public Financial Management Act, 2012 which states that the Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.

In the circumstances, the financial statements did not comply with the financial reporting templates issued by the Public Sector Accounting Standards Board.

2. Lack of a Procurement Plan

The statement of financial performance reflects an amount of Kshs.1,280,630 and Kshs.421,927 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

3. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.1,457,570 against a total expenditure budget of Kshs.593,570 resulting in to a budget deficit of Kshs.864,000. 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 law.

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

Management did not provide documentary evidence to confirm that Centre complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack 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.

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

Auditor-General's Responsibilities for the Audit

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

	Notes	2024- 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	1	864,000.00
Revenue from Exchange transactions		
Fees from students	2	416,630.00
Revenue from Exchange transactions		**416,630.00**
Total Revenue		**1,280,630.00**
Expenses		
Use of goods and services	3	373,927
Employee costs	4	48,000.00
Total Expenses		**421,927**
Net surplus/(deficit) for the year		**858,704**

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

The Financial Statements set out on pages ~~xx~~ 1 to ~~xx~~ 8 were signed by:

ROSE BUNDI.....	.....	FRIDAH GACHERI
Name ~~Rose~~	*Name* Helen Mukina	*Name* ~~Fridah~~
Chairman of Board	**Accountant**	**Principal/Manager**
	ICPAK No 31750	
Date ~~12~~ 3/12/25	**Date** 3/12/2025	**Date** 3/12/25

Statement of Financial Position As At 30th June 2025

Description	Notes	2024-2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	5.a	718,116
Current portion of receivables from exchange transactions	6.a	210,000.00
Inventory	7	-
Total Current Assets		**928,116**
Non-Current Assets		
Total Non-Current Assets		
Total Assets (A)		**928,116**
Liabilities		
Current Liabilities		
Creditors	8	**50,000.00**
Total Current Liabilities		**50,000.00**
Non-Current Liabilities		
Total non- current liabilities		
Total Liabilities (B)		**50,000.00**
Net Assets (A-B)		**878,116**
Represented By:		
Accumulated Surplus		878,116
Capital Fund		-
Total Net Assets		**878,116**

The Financial Statements set out on pages 1 to 8 were signed by:

ROSE BUNDI		FRIDAH GACHERI
Name	*Name* Hellen Muikia	*Name*
Chairman of Board	**Accountant**	**Principal/Manager**
	ICPAK No 31752	
Date 3/12/25	**Date** 3/12/2025	**Date** 3/12/25

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

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2023 *(previous year)*				
Revaluation gain				
Surplus/(deficit) for the year				
Capital grants received during the year	-	-		
At June 30, 2024				
At July 1, 2024 *(current year)*		**19,412.75**		**19,412.75**
Revaluation gain				
Surplus/(deficit) for the year		858,703.50		858,703.50
Capital grants received during the year				
At June 30, 2025		**878,116.25**	**0**	**878,116.25**

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

Description	Note	2025- 2025 Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government	1	864,000.00
Grants from donors and development partners		
Transfers from National Government entities		
Public contributions and donations		
Fees from students	2	206,630.00
Finance income		
Total Receipts		**1,070,630.00**
Payments		
Use of goods and services	6	323,926.50
Employee costs	7	48,000.00
Contracted services		0
Grants and subsidies		0
Total Payments		**371,926.50**
Net Cash Flows from operating activities		**698,703.50**
Cash flows from investing activities		
Purchase of intangible assets		0
Proceeds from the sale of property, plant, and equipment		0
Net cash flows used in investing activities		**0**
Cash flows from financing activities		
Proceeds From Borrowing		0
Repayment of Borrowings		0
Net cash flows used in financing activities		**0**
Net Increase/(Decrease) in Cash and Cash equivalents		**698,703.50**
Cash & Cash equivalents at the beginning (1st July 2024)		19,412.75
Cash & Cash equivalents at the end. (30th June 2025)		**718,116.25**

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June XX

Description	Original budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on comparable basis Kshs	Difference Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year*	-					
Receipts						
Transfers from County Government	864,000.00	-	864,000.00	864,000.00	-	100.0
Fees from students	593,570.00	-	593,570.00	416,630.00	176,940.00	70.2
Sale of goods		-			-	
Miscellaneous Income			-		-	
Total Receipts	**1,457,570.00**	**-**	**1,457,570.00**	**1,280,630.00**	**176,940.00**	87.9
Payments						
Use of goods and services	388,570.00		388,570.00	373,926.50	14,643.50	96.2
Employee costs	160,000.00		160,000.00	48,000.00	112,000.00	30.0
Board Expenses	45,000.00		45,000.00	-	45,000.00	0.0
Repairs and maintenance					-	
Total Expenditure	**593,570.00**	**-**	**593,570.00**	**421,926.50**	**171,643.50**	
Capital Expenditure payments						
Surplus	**864,000.00**	**-**	**864,000.00**	**858,703.50**	**5,296.50**	**87.86**

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	**858,703.50**
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	**718,116.25**

5. Notes to the Financial Statements

a. General Information

Uruku VTC entity is established by and derives its authority and accountability from xxx Act/(*insert the establishing instrument)*. The entity is wholly owned by the County Government of Meru and domiciled in Imenti central sub-county. The entity's principal activity is Imparting knowledge through training.

b. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, *(include any other applicable legislation),* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

1. **Adoption of New and Revised Standards**

   i. **and interpretations in issue and effective in the year ended 30 June 2025.**

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** 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.
IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	***Applicable 1st January 2026*** 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.
IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** 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	***Applicable 1st January 2026*** 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

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

2. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 2024/2025-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal

proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Biological Assets

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

i) Research and development costs

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

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

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

j) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial

assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange,

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Social Benefits

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

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

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

s) Related parties

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

t) Service concession arrangements

The **URUKU 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 *uruku 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 *uruku vtc* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

Comparative figures

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

v) 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.

3. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *URUKU VTC* 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 *URUKU 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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

1.Transfers from the County Government

Description	2024- 2025
	Kshs
Unconditional Grants	
Capitation Grants	864,000.00
Operational Grant	
Unconditional Development grants	-
Other Grants	-
Total unconditional Grants	**864,000.00**
Conditional Grants amortised/ recognised in revenue	
Library Grant	-
Hostels Grant	-
Administration Block Grant	-
Laboratory Grant	-
Learning Facilities Grant	-
Other Organizational Grants	-
Total Government Grants and Subsidies	**864,000.00**

2. Fees from students

Description	2025
	Kshs
Tuition Fees	393,630.00
Activity Fees	
Industrial Attachment Fees	
Examination Fees	18,000.00
Library Fees	5,000.00
Facilities And Materials	-
Registration Fees	-
Others (*Specify*)	-
Total Fees from students	**416,630.00**

3. Use of Goods and Services

Description	2024-2025
	Kshs
Teaching and learning materials	177,010.00
Industrial attachment costs	-
Electricity	7,000.00
Water	-
Security	-
Professional and consultancy services	-
Subscriptions	-
Advertising	
Examination fees	25,000.00
Audit fees	-
Catering,	126,620.00
Travelling and Subsistence	31,000.00
Fuel and oil	-
Postage	
Printing and stationery	
Hire charges	
Rent expenses	
Skills development levies	5,400.00
Telephone expenses	
Internet expenses	
Training expenses	

Other (*specify*)	
Bank Charges	1,896.50
Total good and services	**373,926.50**

4. Employee Costs

Description	2025
	Kshs
Salaries and wages	48,000.00
Employee related costs - contributions to pensions and medical aids	
Travel, motor car, accommodation, subsistence and other allowances	
Housing benefits and allowances	
Overtime payments	
Social contributions	
Employee Costs	**48,000.00**

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

Financial Institution	Account number	2025- 2025
		Kshs
a) **Current Account**		
Cash		62,850.00
KCB Bank (Operations)	1235035727	3,415.00
KCB Bank 1235035581(Grant)	1235035581	651,851.25
Sub- Total		**718,116.25**

6. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2025
	Kshs
Current Receivables	
Student Debtors	210,000.00
Rent Debtors	0
Advance payments	0
Consultancy Debtors	0
Other Exchange Debtors	0
Less: Impairment Allowance	0
Total Current Receivables	210,000.00

7. Inventories

Description	2025	2024
	Kshs	Kshs
Consumable stores		0
Maintenance stores	0	0
Health Unit stores	0	0
Electrical stores	0	0
Cleaning Materials stores	0	0
Catering stores	0	0
Less: Impairment allowance	0	0
Total Inventories at lower of Cost and Net Realizable Value	-	**0**

7a

Detailed Disclosure on Inventories

	2025	
Opening balance		
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

8. Trade and Other Payables from Exchange Transactions

Description	2025	
	Kshs	
Trade payables		
Salary deductions	0	
Third-Party Payments	0	
Other Payables	0	
Total Trade and Other Payables	**0**	
Ageing analysis:	**Current FY**	**% of the Total**
Under one year	50,000.00	100%
1-2 years		0%
2-3 years	-	0%
Over 3 years	-	0%
Total (to tie to totals above)	**50,000.00**	**0%**

9. Cash generated from operations

	2025
	Kshs
Surplus/(Deficit) for the year	858,703.50
Adjusted for:	
Depreciation	0
Non-Cash grants received	0
Contributed assets	
Impairment	
Gains and Losses on Disposal of Assets	
Contribution to provisions	
Contribution to impairment allowance	
Finance Income	
Finance Cost	
Working Capital Adjustments	
Increase in Inventory	
Increase in Receivables	(210,000.00)
Increase in Deferred Income	
Increase in Payables	50,000.00
Increase in Payments received in advance	-
Net Cash Flow from Operating Activities	**698,703.50**

Financial Risk Management

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

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

(i) Credit risk

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

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

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

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 entity has significant concentration of credit risk on amounts due from

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 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.

(iii) Market risk

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

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

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

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

a) Interest rate risk

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

Management of interest rate risk

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

iv) 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:

6. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
This is the first year of reporting. No prior auditor Generals recommendations				

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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FRIDAH GACHERI MUGAMBI
Ag Principal
URUKU VTC
Date 3/12/25

Appendix II: Projects Implemented by (*URUKU VTC*)

Projects

Projects implemented by the URUKU VTC Funded by development partners.

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

Status of Project Completion

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

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

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity:....MERU COUNTY.....

Name of beneficiary entity:....URUKU V.T.C.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1 Inward Swift Pl MERU COUNTY/KE NAIROBI/KE/NAIR	26/2/2025	324 000	—	324 000	
2 Inward Swift Pl, MERU COUNTY/KE /NAIROBI/KE/NAIR	26/2/2025	540,000	—	540,000	
Total		764,000	—	864,000	

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

Head of Accounts Department - Disbursing Entity:

Name ..Dorcas Kabis Domizana **Sign** ..... **Date** ..02/12/2025

Head of Accounts Department - Beneficiary Entity:

Name ..FRIDAH GACHERI..... **Sign** ..... **Date**..3/12/25...

URUKU VOCATIONAL TRAINING CENTRE
03 DEC 2025
P. O. BOX 37, GITHONGO