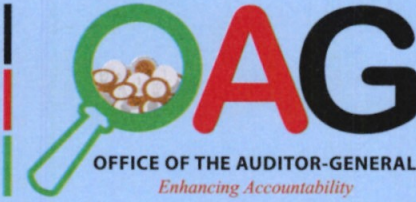


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

WERU VOCATIONAL TRAINING CENTRE

FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2026	DAY: Wed
TABLED BY:	Hon. Samuel Chepkoya
CLERK AT THE TABLE:	Mado



WERU VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2025

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

COUNTY GOVERNMENT OF THARAKA NITHI

COUNTY TREASURY



Telephone: 1513

Email: treasury@tharakanithi.go.ke

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



P. O. BOX 10-60406

KATHWANA

Date: 20th August 2025

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

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

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

Please find enclosed report for your necessary action.

Thank you

Lawrence K. Ileri Rweria

CECM- Finance, Economic Planning and Revenue Mobilization

cc

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

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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 Centre
NITA	National Industrial Training Authority
KCSE	Kenya Certificate of Secondary Education
CO	Chief officer

2. KEY ENTITY INFORMATION AND MANAGEMENT

Weru VTC is run by a BOM of 11 members appointed on a three-year term renewable once after expiry. It is run by a manager appointed and employed on PNP terms by the County Government of Tharaka Nithi. It has 5 instructors employed by the BOM on contract terms, a watchman and a cook.

(a) Background information

The institution is domiciled in Kenya. The college is under the County Department for Education of Tharaka Nithi County.

It offers the following courses: -

1. Garment making
2. Building technology & masonry
3. Welding and fabrication
4. Hair dressing and Beauty therapy
5. Carpentry and Joinery
6. Electrical installation

(b) Principal Activities

The principal mandate is to impart appropriate and adequate technical skills, business skills, knowledge and attitudes to the youth in the above named courses to the level of grade certificate offered by NITA.

Mission: To empower the youth with technical skills, knowledge and attitudes to realize their full potential for individual and community development.

Vision: A dynamic multi-skilled youth adding value to self and society.

Motto: Technical skills for self-reliance

(c) Key Management

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

SN.	Name	Position
1.	Stephen Mucheru	Manager / Principal
3.	Gideon Ngai	Deputy Manager

(d) Fiduciary Management

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

SN.	Name	Designation
1.	Robert Mwiathi Mbindu	Chairman BOM
2.	Stephen Mucheru	Manager / Principal
3.	Jonathan Mwiti	CO Vocational Training

(e) Fiduciary Oversight Arrangements

Finance and operations:

- Procurement and utilisation of the County grant was to proceed only after the Chairman had checked the budgets and the CO had approved the budgets.
- The Manager had to do the procurement and any book work required in consultation with the instructors' procurement committee.

(f) Entity Headquarters

P.O. Box 763- 60400 Chuka
 Weru VTC
 Weru Market
 Kambandi - Kaanwa Road
 Tharaka Nithi, KENYA

(g) Entity Contacts

Telephone: (254) 721 399 575
 E-mail: weruvtc@gmail.com

(h) Entity Bankers

Co-operative Bank of Kenya
 Chuka branch
 P.O. Box 101-60400 Chuka.

Equity
 P.O Box 213-60400 Chuka
 Chuka Branch

(i) **Independent Auditors**

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



Key Entity Information and Management (Continued)






(j) **Principal Legal Adviser**

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

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

3. THE BOARD OF MANAGEMENT

Member/ Director	Photo	Details
Archangelo Micheni Mbabu Chairman-BOM		DOB: 1966 QUALIFICATIONS: Masters-Business Administration Executive member Career: Banking sector
Robert Mwiathi Mbindu Vice Chairman		DOB: 1982 QUALIFICATIONS: Bachelor of education (Guidance and Counselling) Executive member Career: Banking sector
Lucy Karimi Murerwa Member		DOB: 1986 QUALIFICATIONS: diploma in education Executive member Career:Teacher
Delfina Karimi Kiburi Member		DOB: 1980 QUALIFICATIONS: Bachelor of Education . Executive member Career: Teacher
Jamlick Murithi Njue Member		DOB: 1983 QUALIFICATIONS: Master of Science in Commerce Member Career: Lecturer

<p>Morrine Gacunku</p> <p>Member</p>		<p>DOB: 1983 QUALIFICATIONS: Diploma in education Member Career: Teacher</p>
<p>Fredrick Gitonga</p> <p>Ward Administrator</p> <p>Member</p>		<p>In charge of Mariani Ward</p>
<p>Father George</p> <p>Sponsor</p> <p>Member</p>		<p>In charge of Kanyeki Parish</p>
<p>Stephen Mucheru</p> <p>Manager/secretary to the Board</p>		<p>DOB: 1974 QUALIFICATIONS: Higher diploma in Construction (Building & Civil option)</p>
<p>Peter Mugambi</p> <p>Chief</p>		<p>Incharge of Kithangani Location</p>

4. KEY MANAGEMENT TEAM

SN.	Member/ Director		Details
1.	ARCHANGELO MBAABU Qualifications: Masters- Business Administration		Chairman
2.	Robert Mwiathi Qualifications: Bachelor of Education		Vice Chairman
3.	Stephen Mucheru Qualifications; Higher Diploma in Construction		Manager

5. CHAIRMAN'S STATEMENT

The FY 2024/2025 did not have much activity to reckon with. This was partly because the County government did not release the capitation on time thereby crippling all planned activities and almost bringing to a halt all operations. The school fees payment is very poor as most of the trainees come from arid and semi-arid areas of Tharaka. During the third quarter of the FY, the school received Kshs. 300,000 from the County Government as capitation. This amount could barely clear all the bills and debts and do any development.

Achievements

- The school registered 6 trainees for the grade exams which they did on December 2024
- The school managed to keep trainees in the programme despite the challenges.

Challenges

- Shortage of enough and qualified instructors
- Inadequate infrastructure. For instance, girls use a classroom for a dormitory, some courses share classrooms. The workshops are not enough.
- Timely disbursement of capitation from the County government.
- Placement of trainees is not considered in the CBE curriculum.
- There is no clear policy on the placement of students in line with CBE curriculum. The County has not given a clear direction on the official curriculum and assessment body uniformly in the County to be followed.

Way forward

For the institution to grow and achieve its full potential, a deliberate concerted effort from all stakeholders needs to be put in full gear especially with the County Government intervening towards the quality and standards of all VTC. Otherwise with the little funding collected from the school fees, maintaining the status quo will eventually lead to the VTCs being overrun by the Technical Training Institutes in the County.



Sign.....

Robert Mwiathi
Chairman, BOM

Date. 14th August 2025

6. REPORT OF THE PRINCIPAL/MANAGER

The school opened the financial year with an enrolment of 44 trainees. The school fees for the boarding students is Kshs. 18,000 per year while day scholars pay Kshs. 12,700 per year per trainee. As at 30/06/2025 the County had disbursed a capitation grant of Ksh 300,000 while the school fees balances of the trainees stood at Kshs. 210,800. This is an accumulation of unpaid fee balances from previous term/years. The Financial status therefore, indicated the school needed to seek relief food stuffs and assistance in order to continue. No development initiatives were possible to initiate due to shortage of funds. By January 2025, the enrolment stood at 36 trainees with 8 trainees having dropped due to lack of school fees. On sending them home for fees, the number dropped further to 24 with 6 also having sat for their final year exams.

Majority of our trainees hail from very poor backgrounds in semi-arid areas of Tharaka Nithi. Despite the fact that our fees are very low, most of them struggle to pay and majority of them end dropping out of school. The school sits on a vast land of 33 acres but ownership has recently been challenged with the catholic church-Kanyaki parish claiming ownership and occupying the land.

Achievements.

Our school was able to sustain despite the challenges. By December 2024, 6 trainees were booked for NITA exams and they sat for them. It has been able to offer training to many youths despite the challenges.

Challenges

Weru VTC is faced with a myriad of challenges some of which include: -

- Poor funding by the County Government. Before devolution, the County VTCs used to get a Capitation of Kshs. 15,000 for every trainee enrolled but for the last few years this has not been the case. The funding received is inadequate.
- Lack of adequate tools and equipment for various courses in the VTC. For the financial 2024/2025 just, a few tools were repaired and procured.
- Inadequate teaching staff. The VTC has really struggled to maintain the five BOM employed teachers. The county needs to post teachers to the courses to ease the burden.
- Poor capacity for the managers. Managers need to be taken for supervisory courses, financial management courses, book keeping courses etc. because there are no accounts clerks, no store keepers, no skills to multitask all the responsibilities effectively.
- Inadequate infrastructure. The infrastructure is in a pathetic state. For instance, our girls boarding facility is a classroom converted into a dormitory. The design is not adequate for a boarding dormitory. Our dress making course and Electrical Installation course share one classroom, our masonry workshop is an abandoned un cemented dormitory with dilapidated walls. We do not have a welding workshop, only a temporary shed that serves the purpose.
- Low enrolment. The County Government in collaboration with KCB bank has an ongoing initiative whereby trainees are trained for free. However, this does not apply to all the VTCs. This means training is free in some VTCs whereas in others it is not. Vocational Training Colleges are offering replica courses as offered in the VTC and coupled with

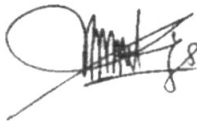
HELB and assistance to the students from the central Government. Surrounding our VTC therefore, is free training offered by the Government and the County Government while we are charging fees for the same services.

Financial status

The school depends on school fees and grants from the County Government of Tharaka Nithi as its source of funding. At the moment, payment of Instructors has been a huge task and the school has been unable to maintain them on a monthly salary. Instead, teachers have been hired on contract and some do not report in all the days of the week due to financial constraints. The school is literally struggling to keep all of them and in future there is a consideration to reduce the number of courses offered by the institution. The school sits on 33 acres of land but of late the Catholic church has claimed ownership of it. It was serving as an alternative source of income.

Recommendation/Way Forward.

- The County Government should come very clearly on the partnership with the KCB bank by including all the VTCs in the programme. Alienating some VTCs minimizes any chances of attracting enrolment to them henceforth eventually underperforming the VTC.
- The County capitation of Kshs. 15,000 per trainee should be allocated and disbursed in time. This will facilitate timely procurement of instructional materials, payment of water bills, payment of power bills, procurement of tools and equipment, provision of stationery and administrative costs.
- The County Government should conduct a needs assessment to every VTC to check on the gaps in infrastructural requirement, the strong points that can be utilised e.g. vast land, and come up with a needs-based funding.
- There should be capacity building for the managers from time to time. Seminars on book keeping, store keeping, conflict resolution etc. An allowance for the special duty of management should also be considered.
- The County government should consider organising the huge number of VTC into courses-based centres. For instance, a small VTC should be limited into offering just two courses only, specialize fully with all the tools and equipment instead of being “Jack of all trades” and end up providing sketchy training which cannot be at par with the market standards.



Sign.....

Stephen Mucheru

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

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

Pillar /theme/ issue 2: Access and equity

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Quality of Teaching and Learning	Promote employability to reduce youth unemployment and offer market-oriented skill training	Use of updated training materials and technology	Monitor and evaluate learner performance and training outcomes	Increased number of exam candidates
Access and Equity	Foster Inclusion	Promotion and creating awareness of TVETS	Establish ICT infrastructure to Support blended and online learning	Increased student enrolment

8. CORPORATE GOVERNANCE STATEMENT

Purpose of the board

The purpose of the board is to provide strategic direction, oversee the management, ensure effective governance and performance of the institution is inline with its mission and goals.

Roles of the Board

- Provide strategic leadership and direction
- Approve institution policies and budgets
- Monitor financial performance and ensure accountability.
- Oversee academic standards trainees and staff welfare
- Evaluate and support head of institution

Composition of the board

The Board of Management is made up of 11 members which comprises of Manager, chairperson, representative of Chief officer department of Vocational training, representative of county governor, local administration representative, and six other persons elected basis on their knowledge in leadership and management, financial management, technology, industry, engineering and information communication technology.

Process of appointment of board

The term of existing board expires after 3 years. The manager notifies the relevant authorities of the need to constitute another board.

Nomination of members is done by different groups i.e sponsoring body, local administration, county representative, member of county assembly representative and the manager.

The guidelines require board to have diverse mix of professional background such as education, law, engineering, ICT and finance.

Nominees are vetted for qualification, experience, integrity and relevance. Once approved they are issued with appointment letters.

Induction and training

Newly elected members undergo inauguration where they elect the executive committee and they familiarize themselves with their roles and responsibilities.

Process of removal

A board member may be removed due to the following reasons Absenteeism, Conflict of interest, Criminal conviction, Corruption, mental incapacity.

A formal complaint if forwarded by the manager to the relevant authorities the complaint is reviewed by designated committee, the accused member is informed in writing and given a chance to respond, based on findings the committee prepares a report and a formal recommendation is send to the relevant authority. If the decision is to remove the member a removal letter is issued and the position is declared vacant for new appointment.

Meetings

- The board meets once per term and as per needed
- The quorum shall consist three quarter of the members
- Decisions shall be made by consensus or majority vote
- Minutes of meetings shall be documented and stored securely.

Ethics and conduct

The members shall

- Act in good faith and in the best interest of the institution
- Maintain confidentiality and avoid conflict of interest
- Uphold ethical and professional standards all the time

9. MANAGEMENT DISCUSSION AND ANALYSIS

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

- Expansion of our vocational training course
- Successful implementation of the community outreach programs targeting marginalised youth, women and person with disabilities to foster inclusion.
- Establishment of partnership with local industries.

Achievements

We celebrate notable achievement like an increased number of exam candidates and student enrolment.

Challenges

- Despite our successes, we continue to face several challenges that require attention.
- Limited funding and resource especially to expand infrastructures.
- Shortage of qualified trainers in some specialised areas, leading to increased work load for existing staff.
- Social economic barriers that prevent some potential learners.

Future Outlook

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

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

At Weru VTC, we recognize our responsibility to operate in an environmentally and socially responsible manner. Our Environmental and Sustainability Reporting Statement outlines our commitment to reducing our environmental footprint, enhancing resource efficiency, and fostering sustainable practices across all areas of our business operations.

Commitment to Sustainability

We are committed to integrating sustainability into our core business strategy and decision-making processes. This commitment reflects our belief that long-term success depends on the health and stability of our environment, our communities, and our economy.

Continuous Improvement

Sustainability is a journey. We engage with employees, customers, suppliers, and community partners to improve our environmental practices continuously. We invest in research, innovation, and training to ensure our operations contribute positively to a sustainable future.

Employee welfare

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

Community Engagements

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

11. REPORT OF THE BOARD OF MANAGEMENT

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Weru VTC affairs.

Principal activities

The principal activity of the entity is training technical skills

Results

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

Board of Management

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

Auditors

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

By Order of the Board



Secretary of the Board

14th August 2025

12. STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

Section 164 of the Public Finance Management Act, 2012 and require the Board of Management to prepare financial statements in respect of that County entity, which give a true and fair view of the state of affairs of the Weru VTC at the end of the financial year and the operating results of the VTC for that year. The Board of Management are also required to ensure that the VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the VTC. The Board of Management are also responsible for safeguarding the assets of the Weru VTC. The Board of Management are responsible for the preparation and presentation of the Weru VTC financial statements, which give a true and fair view of the state of affairs of the VTC for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

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



Robert Mwiathi
Chairman of the Board



Stephen Mucheu
Manager

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON WERU 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 Weru Vocational Training Centre set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial performance, statement of

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

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

Basis for Qualified Opinion

Non-Disclosure of Assets

The statement of financial position reflects a nil balance in respect to property, plant and equipment. However, audit revealed a number assets owned by the Training Centre including, land, building, plant and machinery but were not valued, recorded in an asset register and disclosed in the financial statements.

In addition, Management did not provide for audit review the ownership documents of the land on which the Training Centre operates.

In the circumstances, the accuracy and completeness of the financial statements and ownership of property, plant and equipment could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Weru 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 budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.1,200,000 and Kshs.856,850 respectively, resulting to an under-funding of Kshs.343,150 or 29% of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the students.

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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Board of Management is responsible for the Other Information set out on page i to xx, 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. Incomplete Data on Payroll Management

Review of the Staff bio data revealed that necessary information including Ethnicity, Gender, Disability, was not captured in the payroll. In addition, the data had only captured gross salary of the employees hence could not ascertain compliance with a third basic pay rule.

In the circumstances, the level of compliance with laws and regulations on employment could not be confirmed.

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

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

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

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

2. Lack of Internal Audit Function and Audit Committee

During the year under review, the Training Centre did not constitute an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which requires the internal audit unit of a

County Government entity to assess effectiveness of the Polytechnic through an internal performance appraisal commenting on its effectiveness in the annual report to The County Treasury.

In the circumstances, the existence and effectiveness of internal controls could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

Weru VTC

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

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

	Notes	FY 2024/2025 Ksh
Revenue from non-exchange transactions		
Transfers from the County Government	6	300,000
Total Revenue from non-exchange transactions		300,000
Revenue from Exchange transactions		
Fees from students	7	727,650
Sale of Goods	8	40,000
Total Revenue		1,067,650
Expenses		
Use of Goods and Services	9	538,650
Employee costs	10	313,200
Repairs and maintenance	11	5,000
Total Expenses		856,850
Net surplus/(deficit) for the year		210,800

Weru Vocational Training Centre Financial Statements were approved on **14th August 2025** and signed by:



Robert Mwiathi
Chairman



Stephen Mucheru
Manager



CPA Judith Muthoni
Chief Accountant
ICPAK No. 21856

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

Description	Notes	FY 2024/2025
		Ksh
Assets		
Current Assets		
Cash and cash equivalents	12	2,367
Current portion of receivables from exchange transactions	13	210,800
Total Current Assets		213,167
Total Non-Current Assets		0
Total Assets		213,167
Liabilities		
Total Liabilities		0
Net Assets		213,167
Represented By:		
Accumulated Surplus		213,167
Total Net Assets		213,167

Weru Vocational Training Centre Financial Statements were approved on 14th August 2025 and signed by:



Robert Mwiathi
Chairman



Stephen Mucheru
Manager



CPA Judith Muthoni
Chief Accountant
ICPAK No. 21856

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

Description	Accumulated Surplus	Capital	Total
		Grants/Fund	
At July 1, 2023			
Revaluation gain			
Surplus/(deficit) for the year			
Capital grants received during the year			
At June 30, 2024			
At July 1, 2024	2,367		2,367
Surplus/(deficit) for the year	210,800		210,800
Capital grants received during the year			0
At June 30, 2025	213,167	0	213,167

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

	Note	FY 2024/2025
		Ksh
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	300,000
Fees from students	7	516,850
Sale of Goods	8	40,000
Total Receipts		856,850
Payments		
Use of goods and services	9	538,650
Employee costs	10	313,200
Repairs and maintenance	11	5,000
Total Payments		856,850
Cash & Cash equivalents at the beginning (1 st July 2024)	12	2,367
Cash & Cash equivalents at the end. (30 th June 2025)	12	2,367

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

Description	Original budget	Adjustments	Final	Actual on comparable basis	Performance difference	Utilization
	Kshs		Kshs			Budget
		A		B	C=A+B	D
Budget carryovers from the previous year	-					
Receipts						
Transfers from County Government	300,000		300,000	300,000	0	100%
Fees from students	800,000		800,000	516,850	283,150	65%
Sale of Goods	100,000		100,000	40,000	60,000	40%
Total Receipts	1,200,000	0	1,200,000	856,850	343,150	71%
Payments						
Use of Goods and Services	700,000		700,000	538,650	161,350	77%
Employee costs	400,000		400,000	313,200	86,800	78%
Repairs and maintenance	100,000		100,000	5,000	95,000	5%
Expenditure	1,200,000		1,200,000	856,850	343,150	71%
Capital Expenditure payments	0		0	0	0	
Total Expenditure	1,200,000		1,200,000	856,850	343,150	71%
Surplus	0		0	0		

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

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

Standard	Effective date and impact:
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> 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	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 **Kshs. 400,000** 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

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. 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) 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.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an 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.

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

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

k) 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

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

Contingent assets

Weru VTC does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The 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.

m) Service concession arrangements

Weru 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 *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

6. Transfer from County Government

Description	FY 2024/2025
	Ksh
Capitation Grants	300,000
Total Government Grants and Subsidies	300,000

7. Fees from Students

Description	FY 2024/2025
	Ksh
Tuition Fees	727,650
Total Fees from students	727,650

8. Sale of Goods

Description	FY 2024/2025
	Kshs
Sale of firewood	40,000
Total Revenue from Sale of Goods	40,000

9. Use of Goods and Services

Description	FY 2024/2025
	Ksh
Teaching and learning materials	200,690
Electricity	47,658
Water	16,892
Catering, conferences, and delegations	208,660
Printing and stationery	64,750
Total good and services	538,650

10. Employee Cost

Description	FY 2024/2025
	Ksh
Salaries and wages	313,200
Employee Costs	313,200

11. Repairs and Maintenance

Description	FY 2024/2025 Ksh
Furniture and fittings	5,000
Total Repairs and Maintenance	5,000

12. Cash and Cash Equivalent

Description	FY 2024/2025 Ksh
Current Account Capitation Account	2,367
Operations Account	0
Total Cash and Cash Equivalents	2,367

13. Current Receivables and Exchange Transactions

Description	FY 2024/2025 Ksh
Current Receivables	
Student Debtors	210,800
Total Current Receivables	210,800

14. 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.

(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 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:

15. Related Party Balances

Nature of related party relationships

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

16. County Government of Tharaka Nithi

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

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

17. Events After the Reporting Period

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

18. Currency

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