

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

MWERONDU TECHNICAL AND VOCATIONAL CENTRE

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

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	05 MAR 2026 DAY. Thursday
TABLED BY:	Hon. Owen Boko MP Deputy leader of Majority Party
CLERK-AT THE-TABLE:	A. Shikoko

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



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**MWERONDU
VOCATIONAL
TRAINING
CENTRE**

MWERONDU 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)**

MWERONDU VOCATIONAL TRAINING CENTRE

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

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1. Acronym sand 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

BOM Board of Management

TVET Technical, Vocational, Education and Training

MVTC Mwerondu Vocational Training Centre

MVM Motor Vehicle Mechanics

CALJ Carpentry and Joinery

PWD Persons with disability

2. Key Entity Information and Management

(a) Background information

Mwerondu Vocational Training Centre is located in Meru County, Tigania west sub county in Akithii ward. The VTC was established as a community-based Centre for training Youths in technical skills by Methodist Church of Kenya (MCK) with the mandate of ensuring that the Youth access quality technical education and training. The institution is under the department of Vocational Education Training registered under TVET.

(b) Principal Activities

The principal activity is to train competent and innovative manpower to meet the changing needs of the current industry for self-sustainability under the TVET Act 2013.

(c) Key Management

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

- Board of Management
- Accounting Officer/Principal/Manager
- Management

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal/Manager	- Joshua IbwathuMurithi
2.	Deputy Principal/Assistant Manager Finance	- N/A
3.	Deputy principal/Assistant Manager	- Hellen Mwenda Katheru
4.	HODs	- Purity Kendi – Hairdressing - Timothy Mwiti– MVM

(e) Fiduciary Oversight Arrangements

No	Name of the committee	Members
01	Finance Committee	Joshua Ibwathu Francis Nabea Zakayogitonga Patrick Kimathi Purity Kayuyu
2	Academics Committee	Joshua Ibwathu Hellen mwenda Dorcas Gakii

(f) Entity Headquarters

P.O. BOX 90 - 60602
MWERONDU MARKET
KAMOJA ROAD
KIANJAI, KENYA

(g) Entity Contacts

Telephone: (254) 0720547141
E-mail: joshuamurithi505@gmail.com

(h) Entity Bankers

Kenya commercial bank
Account no:1234391457
Meru branch
P.O. Box 2171-60200
Meru

Kenya commercial bank
Account no:1133285325
Meru branch

Equity bank
Account no:0140161538542
Meru branch

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

(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

County Attorney
P.O BOX 51-60200
Meru.



MWERONDU VOCATIONAL TRAINING CENTRE

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3. The Board of Management

<i>Member/ Director</i>	<i>Details</i>
 Name: Francis K.Nabea Profession SNE Teacher Trainer (rtd) Academic: B.Ed (SNE) Diploma in SNE Assessment & Management PTE: P1	Date of birth: 20/12/1957 Qualification: B.Ed. in Special Needs Education, Work Experience: 37years Position in BOM: Chairman
ZakayoGitongalmukuo	Vice Chairman
Purity Kayuyu	Member
Dorcas Gakii	Member
 Name: Lucy K. Kaudio Profession registered as an accountant	
Francis Mweti	Member
Patrick Kimathi	Member
 Name: Joshua IbwathuMurithu Profession: Trainer Secretary to the Board	Date of Birth: 20/12/1986 Qualification: Diploma in Technical Education (Agriculture Option) Certificate in Institution management and Leadership

4. Key Management Team

<i>S N.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Name: Joshua IbwathuMurithu Profession: Trainer Secretary to the Board	Manager
2.	 Name: Francis K.Nabea Profession SNE Teacher Trainer (rtd) Academic: B.Ed (SNE) Diploma in SNE Assessment & Management PTE: P1	BOM Chairman

5. Chairman's Statement

I am pleased to present the a Annual report and Financial Statement of Mwerondu Vocational Training Centre for the year ended June 30th 2025.

The demand for artisan and craft skills in the Mwerondu community has continued to rise day by day. The BOM has tried to initiate skill training to meet the demand. The skills training offered by the VTC include Masonry, Carpentry, Automotive Mechanics, garment making and dress making as well as hairdressing.

During the Financial year 2024/2025 key achievements realised were as follows:

- Increase in enrolment from 76 to 94.
- Installation of a single-phase electricity connectivity
- Installation of clean piped water for consumption among other uses.
- Construction of the institution main gate.

We received substantial capitation from the County Government. Some of our trainees also benefited in bursaries from County Government and Tigania West NG-CDF. We held several meetings as stipulated by the TVET act.

We also experienced myriad challenges including high dropout rate due to drought and famine, fee payment issues, and, in many cases, little support from the surrounding community.

The centre also suffers low population due to the fact that it is a day institution because it lacks boarding facilities like dormitories.

The BOM has constantly consulted with the area member of the County Assembly for consideration in the County Budget for a dormitory or two to be constructed so as to attract boarding trainees.

Finally, I would like to thank all stakeholders including the County TVET officers and the Sponsor for all the support we have received from them.

Francis K. Nabea
Chairman of the Board of Management.

6. Report of the Principal/Manager

The Annual Report and Financial Statement of Mwerondu Vocational Training Centre being presented here is for the year ended June 30th 2025 according to the requirement of the public finance Management Act of 2012 and Public Audit act.

Trainees Population

The trainees come from different areas surrounding Mwerondu Community, being outsourced from high catchment areas. By the end of 2024/2025 Financial Year, the VTC had a population of 94 trainees. We are expecting the population to be more in the year 2025/2026 Financial Year. The reasons for the expected increase are:

- Expected expansion of the vocational facilities to accommodate more trainees.
- Participation in co-curricular activities such as athletics, ball games, music/drama and skills competitions.
- Strengthened collaborations with local industries for our trainees' attachment.
- Improved academic activities internally and externally.
- Focussing on programs that are attractive to the trainees.
- Marketing of the VTC programs aggressively.

Academic Programmes / Skills

By the end of the financial Year under review the VTC had the following programs:

- Cosmetology
- Building Technology
- Fashion Design
- MVM
- CALJ
- Entrepreneurship
- Agribusiness
- Communication Skills
- Life skills

Requisite Prevision

To increase competitive advantage the BOM continued to expand the existing facilities to attract and accommodate more trainees.

Performance Indicators

- Increased trainees' enrolment from 76 to 94
- Participation in the County /Regional Athletics.
- Installation of clean water for consumption and other uses.
- Introduction of feeding programme for trainees.
- Operationalization of the farm for Agriculture training.

Challenges

The VTC also experienced various challenges that affected some achievements. These included:

MWERONDU VOCATIONAL TRAINING CENTRE

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

- High dropout rate
- Drought
- Low fee payment
- Lack of adequate social amenities.
- Inadequate training facilities.
- Lack of enough competent trainers.
- Negative attitude of the community members.

I would finally thank the BOM membership for the continued and witnessed support. I also thank the County TVET officers' constant guidance and support as well as the area administration offices. The NG-CDF Office is also honoured.



Joshua IbwathuMurithi
Principal

7. Statement of Performance against Predetermined Objectives**REVIEW OF MWERONDU VTC PERFORMANCE FOR 20254/2025 FINANCIAL YEAR**

MWERONDU VTC has 5 strategic pillars and objectives within its Strategic Plan for the FY 2023/2024-2024/2025. These strategic pillars are as follows:

Pillar 1: Grow the education and VTC programmes

Pillar 2: Establish Contemporary learning services and facilities.

Pillar 3: Promote equity and quality education and training.

Pillar 4: pursue stakeholders' partnership and collaboration.

Pillar 5: Strengthen organization development and capability.

Mwerondu 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 Mwerondu VTC achieved its performance targets set for the FY 2024/25 period for its 5 strategic pillars, as indicated in the diagram below:

Pillar No	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
01	Grow the education and VTC programmes	Growing the education & VTC programmes	Improved service delivery	Benching of the centre services against competitors	Benchmarked with neighbouring similar centres
02	Establish Contemporary learning services and facilities	Establishing Contemporary learning services and facilities	Suggestion boxes – customer suggestions and complements	Establishing active client relationship in reaction to the suggestions and complements	Suggestion and compliments tools in place. Improved service delivery
03	Promote equity and quality education and training.	Promoting equity and quality education and training.	More balanced numbers in gender dominated courses	Aggressive advocacy of all gender participation in all TVET courses	Increased numbers of males in prior female dominated courses and vice versa
04	Pursue stakeholders' partnership and collaborations.	Pursue stakeholders' partnership	Increased number of stakeholders	Regular meetings held with	Fruitful meeting outcomes on

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

		and collaboration.	meetings	key stakeholders	the centre's future development.
05	Strengthen organization development and capability.	Strengthening organization development and capability.	Development of staff appraisal system	Formal celebrations of a success reward system	Getting more attachment opportunities for the trainees.

8. Corporate Governance Statement

The mandate of Vocational Training Centres is well spelt out in TVET act 2013, each TVET Vocational is governed by the body in form of BoM, which is responsible for provide ongoing the necessary leadership in developing land and strategies that will contribute to more execution of its mandate to satisfy the social-economics and advancements of the nations and the regions. Every VCT is headed by a principal or a manager who are the secretary to the BOM. The BOM consist of the Chairman and other members who are appointed to represent various entities. In Kenya the VCT'S they are being given guidelines by the TVET act 2013 on the board compositions. The composition is as follows:

- i. Appointment of chairperson from the VTC sponsor
- ii. Vice -Chairman
- iii. Third signatory
- iv. Industry representative
- v. Special interest PWD, Youth representatives
- vi. Community representative

Composition of the VTCS Board of management is supposed to be two appointed by the sponsor, one Pwd, two from industry and two youth representatives. There must be at least two thirds gender representation in the membership, then BOM meets once per term making a total of three times per year except the executive members who meets regularly or when there is a need.

Executive members are

- i. Chairman
- ii. Vice chairperson
- iii. Third signatory
- iv. Principal or a manager

The BOM members are appointed with a three-year term that are renewable once. One or two members are reappointed. The BOM may have a working sub-committee:

- i. Marketing committee
- ii. Academic committee
- iii. Finance and auditing committee

The sub-committee may co-opt persons of special interest during their deliberation at the operation level. The principal or manager is the team leader assisted by the deputy principal to ensure smooth learning environment for proper management and sustainability. BOM secretary may appoint departmental heads, supervisor, section heads at each operational level. Working together the team ensures sustainable quality access relevance and equity in the programmes and services offered to it trainees and back for the smooth flow of feedback. Every VTC has clearly mandate in its statements of intention in the form of mission, vision and co-values. Each VTC exist a document called strategic plan that's guides on working moderates.

9. Management Discussion and Analysis

The BOM of the Mwerondu vocational training centre has been very supportive to the management and has fully performed its oversight role in whole. The management team is also well constituted with the principal being the team leader, the deputy principal and Heads of departments. During the financial year ended the management has satisfied both legal and regulatory requirements as its mandate under the TVET act 2023. The education act 2013, public finance management act 2012 and its regulation.

10. Environmental And Sustainability Reporting Statement

Mwerondu vocational training centre aims at transforming lives this is our purpose and driving force behind everything we do it is what guide us to deliver our strategy which is founded on five pillars.

i. Sustainability strategy and profile

Mwerondu VTC is a learning institution under the directorate of technical vocational education and training with an aim of producing skilled man power that fits in the job market the school has identified the potential of the community as key in realising the growth of the school. The VTC has therefore, engaged the community through continuous sensitization on the TVET courses and capitation from the County Government and CDF.

ii. Environmental performance

Mwerondu vocation training centre is committed to reduce its impact on the environment we strive to improve our environment performance over time and initiate additional activities that will further reduce our impact on environment. Our commitment is to:

- i. Prevent pollution whenever possible.
- ii. Train all of our staff on our environmental programmes.
- iii. Comply with all environmental regulation.

iii. Employee welfare

The vocation has been following the procedure of hiring employs into the institution. The board identifies the vacancies through analysing key responsibilities and duties that opt to be done and the staff is not available or adequate. The Board then advertises for the position and invite qualified candidate to apply then short listing of qualified person that is done basing it on the advert/gender ethnicity/ experience. Qualified persons are contacted to attend interview through mobile call. The panel engages all the interviewers and allocated marks as per the score sheet. The panel then discuss the scoresheet and average for the best candidate to be approved once staff are engaged they are taken through an orientation where the responsibilities are outlined

iv. Marketplace practices-

The organization should outline its efforts to:

a) Responsible competition practice.

- a) Through conducting interviews
- b) Following gender rule.
- c) Considering qualification without any biasness

b) Responsible Supply chain and supplier relations

- i. Through following proper procurement procedures.
- ii. Conducting proper interviews to the suppliers.

iii. Upon delivery of training materials immediate payment must follow

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

i. Proper mobilizations and advertisements

d) Product stewardship or Awareness creation

Protection of Health and Safety

- Enforcing product quality and safety standards (food, medicine, agricultural inputs, and consumer goods).
- Regular inspections and certification of markets, factories, and service providers.
- Public awareness campaigns on safe consumption and use of products.
- Establishment of recall mechanisms for defective or unsafe products.

2. Providing Adequate Product and Service Information

- Clear labeling of products with nutritional value, expiry dates, and instructions.
- Transparency in pricing, warranties, and service contracts.
- Dissemination of information on public services (NHIF, NSSF, utilities, licensing, IDs, passports, etc.).
- Use of ICT platforms, mobile apps, and public information desks to keep citizens informed.

3. Dispute Resolution and Redress

- Establishment of consumer protection tribunals and ombudsman offices.
- Strengthening customer service desks and hotlines for complaints.
- Mediation and arbitration mechanisms for consumer and citizen disputes.
- Provision of legal aid and representation for vulnerable groups.

4. Consumer and Citizen Data & Privacy Protection

- Compliance with data protection laws and regulations.
- Secure storage and handling of personal data in government and private systems.
- Restricting unauthorized access, sharing, or misuse of consumer/citizen data.
- Educating citizens on digital rights, privacy, and cybercrime risks.

5. Safeguarding Citizens' Rights in Public Services

- **Right to Representation:** Ensuring access to legal representation when arrested, fair bail terms, and adherence to due process.
- **Freedom of Assembly:** Safeguarding the right to peaceful demonstrations with appropriate security oversight.
- **Whistleblower Protection:** Guaranteeing anonymity and non-retaliation for individuals reporting corruption or malpractice.

- **Equitable Access:** Ensuring fair access to essential services such as water, power, healthcare, education, and social protection schemes.

6. Institutional and Legal Framework

- Strengthening consumer protection laws and regulatory bodies.
- Establishing independent oversight agencies for transparency and accountability.
- Partnering with civil society organizations to monitor and report on violations of consumer and citizen rights.
- Continuous review of policies to align with international standards on human rights and consumer protection.

v. Corporate Social Responsibility / Community Engagements

In line with our corporate mandate and commitment to sustainable development, the entity undertook various Corporate Social Responsibility (CSR) activities during the reporting period. These activities were designed to complement our core functions while promoting socio-economic development, environmental conservation, and improved community livelihoods.

2. CSR Activities Implemented

2.1 Community Engagement and Partnerships

- **Seedling Propagation and Buy-Back Programs:** Partnered with community-based groups to establish nurseries for indigenous and commercial tree species. The entity provided technical support, while communities nurtured seedlings and sold them back for reforestation projects.
- **Agroforestry Initiatives:** Allocated portions of designated areas to local farmers under agroforestry arrangements, enabling them to grow crops while maintaining and protecting tree cover.
- **Energy-Saving Technologies:** Supported adoption of energy-saving stoves (Jikos) to reduce reliance on charcoal and firewood, thus protecting forests and lowering household energy costs.

2.2 Charitable Giving

- Donated **cash and materials** to vulnerable groups, including schools, health centers, and community-based organizations.
- Supplied seedlings for community tree-planting drives during national and county-level environmental events.

2.3 Corporate Social Investments

- **Education:** Awarded scholarships and bursaries to bright but needy students from surrounding communities.
- **Water and Sanitation:** Constructed boreholes and small dams to improve access to safe water for both domestic and agricultural use.
- **Infrastructure:** Partnered with local authorities to rehabilitate community access roads that link farms to markets.
- **Health:** Organized mobile clinics and health camps in underserved areas, providing free consultations and essential medicines.

2.4 Public Participation and Civic Education

- Conducted **public barazas and community consultations** before implementing major projects, ensuring inclusivity and transparency.
- Facilitated **sensitization forums** on environmental conservation, responsible resource use, and compliance with relevant laws and by-laws.
- Engaged communities in the **budget-making process** to align local needs with available resources.
- Supported awareness campaigns on legal rights, land use, and citizen participation in governance.

3. Evidence of Community Engagement and Impact

- **Tree Planting:** Tree seedlings distributed and planted jointly with schools, churches, and community groups.
- **Water Access:** Boreholes drilled/rehabilitated, benefitting neighboring households.

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 MweronduVTCaffairs.

Principal activities

- i. Provision of extension services, training, and capacity building for stakeholders.
- ii. Promotion of sustainable utilization of resources, including community participation.

Results

The results of entity for the year ended June 30th 2025, are set out on page 1 to page 29

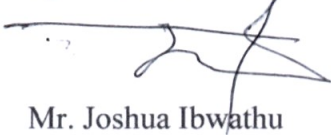
Board of Management

The members of the Board who served during the year are shown on page VI and VII. During the year there has been no change in the Board of Governors

Auditors

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

By order of the Board.



Mr. Joshua Ibwathu

12. 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 MweronduVTC which give a true and fair view of the state of affairs of the Mwerondu VTC at the end of the financial year and the operating results of the VTC for that year. The Board of Management is also required to ensure that the MweronduVTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the Mwerondu VTC. The Board of Management are also responsible for safeguarding the assets of the VTC

The Board of Management are responsible for the preparation and presentation of the Mwerondu VTC financial statements, which give a true and fair view of the state of affairs of the Mwerondu VTC 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 Mwerondu VTC (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accept responsibility for the Mwerondu VTC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Board of Management are of the opinion that the Mwerondu VTC financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the Mwerondu VTC financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the Mwerondu VTC, which have been relied upon in the preparation of the Mwerondu 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 the Mwerondu VTC ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the Mwerondu VTC will not remain a going concern for at least the next twelve months from the date of this statement.

MWERONDU VOCATIONAL TRAINING CENTRE

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

Approval of the financial statements

The Mwerondu VTC financial statements were approved by the Board on 30.11.2025 2025 and signed on its behalf by:

.....

Name

Chairperson of the Board

Joshua Howarth

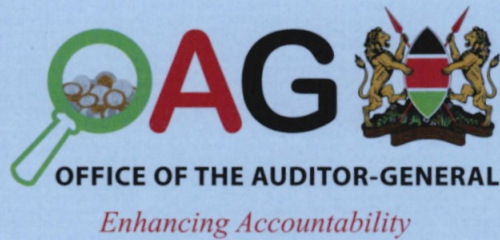
Name

Principal/Manager



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON MWERONDU TECHNICAL AND VOCATIONAL CENTRE 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 Mwerondu Technical and Vocational Centre set out on pages 1 to 31, 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 Mwerondu Technical and Vocational 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 (TVET) Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Capitation Grants Received

The statement of financial performance reflects transfers from the County Government balance of Kshs.1,344,000 as disclosed in Note 6 to the financial statements. However, the Institution did not provide a list of beneficiaries, schedule showing each student's name, admission number, and the corresponding amount of capitation received to support the amounts received from the County Government. Further, there was no acknowledgment letter or any form of confirmation from the Institution confirming receipt of the funds from the County Government.

In the circumstances, the accuracy, completeness, and validity of the capitation received could not be confirmed.

2. Unconfirmed Ownership and Value of Fixed Assets

The statement of financial position reflects Nil balance in respect of non-current assets however, the Centre has non-current assets such as land, furniture and fittings and buildings. The assets have not been surveyed, valued and included in the fixed asset register and the annual report and financial statements. In addition, land ownership documents were not provided for audit.

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.1,344,000 and an actual total revenue of Kshs.1,369,000 resulting to over-funding of Kshs.25,000 or (2%) the total revenue budget. Similarly, the Centre spent Kshs.1,593,876 against actual receipts of Kshs.1,369,000, resulting to an over-utilization of Kshs.249,876 or (18%) 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, I have determined that there are no key audit matters to report in the year under review.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 to Remittance of Statutory Deductions

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

In the circumstances, Management was in breach of law.

2. Failure to Budget for Climate Change and Financing

Review of the Centre's annual budget and financial plans revealed that no provisions for climate change mitigation, adaptation programs, or climate financing initiatives were made. In addition, there was no evidence of planned allocation of funds for projects or activities that address climate risks, such as water source protection, energy-efficient operations, or climate resilience measures. This contrary to The National Climate Change Act, 2016, which obligates public entities to mainstream climate change measures into their operational and development plans and to allocate adequate resources to address climate resilience and adaptation.

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

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

Review of records revealed that the Centre entered into contracts but no documentary evidence has been provided to confirm that the Entity complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

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

Review of compliance with the Technical and Vocational Education and Training (TVET) Act revealed that the Vocational Training Centre has been operating with an expired

institutional license and registration certificate. This contravenes Section 17(1) and (3) of the TVET Act, which require all Institutions to be accredited, licensed, and registered before offering training programmes, and prohibit mounting of any course without prior approval by the Board.

In the circumstances, Management was in breach of 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 of Internal Audit Function and Audit Committee

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

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

2. Lack of a Risk Management Policy

The Centre did not have a documented and approved Risk Management Policy in place. No evidence was provided in respect of risk registers, risk assessment reports, or integration of risk management into operational processes during the audit period.

In the circumstances, disaster preparedness and action plan in case of an emergency could not be guaranteed.

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 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 College'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

03 December, 2025

MWERONDU VOCATIONAL TRAINING CENTRE**Annual Report and Financial Statements for the year ended 30th June 2025****14. Statement of Financial Performance For The Year Ended 30 June 2025**

Description	Notes	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	1,344,000.00
Grants from Development Partners		
Transfers from National Government Entities		
Public Contributions and Donations		
Revenue from Exchange transactions		
Fees from students	7	25,000.00
Sale of goods		
Rental revenue from facilities and equipment		
Revenue from Exchange transactions		25,000.00
Total Revenue		1,369,000.00
Expenses		
Use of goods and services	8	1,353,376.20
Employee costs	9	103,500.00
Board Expenses	10	27,000.00
Depreciation and amortization expense		
Repairs and maintenance	11	110,000.00
Contracted services		
Total Expenses		1,593,876.20
Other Gains/(Losses)		
Gain on sale of assets		
Gain/ Loss on fair value of investments		
Impairment loss		
Total Other Gains/(Losses)		
Net surplus/(deficit) for the year		(224,876.20)

(The notes set out on pages 23 to 24 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 2 were signed by:

MWERONDU VOCATIONAL TRAINING CENTRE

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

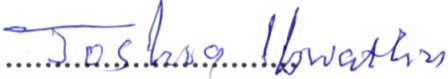
FRANCIS K NABESA 

Name 
Chairman of Board


Date 02/12/25

Name Douglas Kobira
Accountant
ICPAK No 10401

Date 1 Dec 2025



Name
Principal/Manager


Date 30.11.2025

MWERONDU VOCATIONAL TRAINING CENTRE

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

15. **Statement of Financial Positions At 30th June 2025**

Description	Notes	2024/2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	12(a)	1,171,352.30
Prepayments		
Current portion of receivables from exchange transactions		
Receivables from non-exchange transactions		
Total Current Assets		1,171,352.30
Non-Current Assets		
Long term receivables from exchange transactions		
Investments		
Property, plant, and equipment		
Total Non-Current Assets		0
Total Assets		1,171,352.30
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions		
Current provisions		
Deferred income		
Total Current Liabilities		0
Non-Current Liabilities		
Non-Current Provisions		
Service Concession Arrangements		
Total non-current liabilities		0
Total Liabilities		0
Net Assets		1,171,352.30
Represented By:		
Revaluation Reserves		
Accumulated Surplus		1,171,352.30
Capital Fund		
Total Net Assets		1,171,352.30

The Financial Statements set out on pages 3 to 4 were signed by:

MWERONDU VOCATIONAL TRAINING CENTRE

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

FRANCIS K NABISA



JOSUVA B. WASHU

Name
Chairman of Board

Name Douglas Kobira
Accountant

Name
Principal/Manager



ICPAK No 10401



Date
02/12/25

Date 1 Dec 2025

Date
30/11/2025

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

16. 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 (<i>previous year</i>)				
Revaluation gain				
Surplus/(deficit) for the year				
Capital grants received during the year	-	-		
At June 30, 2024				
At July 1, 2024		1,396,228.50		1,396,228.50
Revaluation gain				
Surplus/(deficit) for the year		(224,876.20)		(224,876.20)
Capital grants received during the year				
At June 30, 2025		1,171,352.30	0	1,171,352.30

MWERONDU VOCATIONAL TRAINING CENTRE

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

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

Description		2024/2025
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	1,344,000.00
Grants from donors and development partners		
Transfers from National Government entities		
Public contributions and donations		
Fees from students	7	25,000.00
Sale of goods		
Total Receipts		1,369,000.00
Payments		
Use of goods and services	8	1,353,376.20
Employee costs	9	103,500.00
Board Expenses	10	27,000.00
Repairs and maintenance	11	110,000.00
Total Payments		1,593,876.20
Net Cash Flows from operating activities		(224,876.20)
Cash flows from investing activities		
Purchase of property, plant, and equipment		
Purchase of intangible assets		
Proceeds from the sale of property, plant, and equipment		
Net cash flows used in investing activities		0
Cash flows from financing activities		
Proceeds from Borrowing		
Repayment of Borrowings		
Net cash flows used in financing activities		0
Net Increase/(Decrease) in Cash and Cash equivalents		(224,876.20)
Cash & Cash equivalents at the beginning (1 st July)		1,396,228.50
Cash & Cash equivalents at the end. (30 th June)		1,171,352.30

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

18. Statement of Comparison of Budget&Actual amountsForYearEnded 30 June 2025

Description	Originalbudget	Adjustments	Final Budget	Actualon comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year*						
Receipts						
Transfers from County Government	1,344,000.00	0	1,344,000.00	1,344,000.00	-	100.00
Grants from donors and development partners			-		-	-
Transfers from National Government entities			-		-	-
Publiccontributionsanddonations			-		-	-
Fees from students			-	25,000.00	25,000.00	-
Sale of goods			-		-	-
Rentalrevenuefromfacilitiesandequipment			-		-	-
Financeincome			-		-	-
Miscellaneous Income			-		-	-
TotalReceipts	1,344,000.00		1,344,000.00	1,369,000.00	25,000.00	101.86
Payments			-		-	
Use of goods and services	1,048,320.06		1,048,320.06	1,353,376.20	305,056.14	129.10
Employeeecosts					-	-

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

			-	103,500.00	103,500.00	
Board Expenses			-	27,000.00	27,000.00	-
Repairsandmaintenance	295,679.94		295,679.94	110,000.00	185,679.94	37.20
Contractedservices			-		-	-
Grantsandsubsidies			-		-	-
TotalExpenditure	1,344,000.00		1,344,000.00	1,593,876.20	249,876.20	118.59
Capital Expenditure payments			-		-	0
Surplus	-		-	(224,876.20)	224,876.20	16.73

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	(224,876.20)
Reason for differences	1,396,228.50
Closing Cash and Cash Equivalent as per the statement of Cash flows	1,171,352.30

19. Notes to the Financial Statements

1. General Information

Mwerondu VTC is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the County Government of Meru and domiciled in Tigania West sub-county. The entity's principal activity is training students.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Mwerondu VTC* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 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, 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	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present

MWERONDU VOCATIONAL TRAINING CENTRE

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

	<p>information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>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:</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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS47: Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance</p>

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

	<p>of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS48:TransferExpenses	<p>Applicable 1st January 2026</p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> 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. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii. Early adoption of standards

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

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on 28/3/2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. 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 an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented.

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

MWERONDU VOCATIONAL TRAINING CENTRE

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

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 fairvalue 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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Social Benefits

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

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

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

s) Related parties

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

t) Service concession arrangements

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

u) Cash and cash equivalents

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

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

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

5. Transfers from the County Government

Description	2024/2025
	Kshs
Unconditional Grants	
Capitation Grants	1,344,000.00
Operational Grant	
Unconditional Development grants	-
Other Grants	-
Total unconditional Grants	1,344,000.00
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	1,344,000.00

6. Fees from students

Description	2025
	Kshs
Tuition Fees	25,000.00
Activity Fees	
Industrial Attachment Fees	
Examination Fees	
Library Fees	
Facilities And Materials	
Registration Fees	
Others (<i>Specify</i>)	
Total Fees from students	25,000.00

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7. Use of Goods and Services

	2024/2025
	Kshs
Teaching and learning materials	798,153.00
Water	75,000.00
Advertising	31,000.00
Examination fees	90,200.00
Travelling and accommodation	66,800.00
Printing and stationery	105,000.20
Skills development levies	77,000.00
Other(bank charges)	10,223.00
Co-curricular activities	100,000.00
Totalgood and services	1,353,376.20

8. Employee Costs

Description	2024/2025
	Kshs
Salariesandwages	103,500.00
Employee-relatedcosts-contributionstopensionsand medical aids	
Travel,motorcar,accommodation,subsistenceandother allowances	
Housingbenefitsandallowances	
Overtimepayments	
Social contributions	
EmployeeCosts	103,500.00

9. BoardExpenses

Description	2024/2025
	Kshs
Chairman's Honoraria	
Directors Emoluments	
Other Allowances	27,000.00
Other Boar Expenses	
Total	27,000.00

10. Repairs and Maintenance

Description	2024/2025
	Kshs
Equipment and machinery	110,000.00
TotalRepairsandMaintenance	110,000.00

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11. Cash and Cash Equivalents

(a). Detailed Analysis of Cash and Cash Equivalents

Financial Institution	Account number	2025
		Kshs
a) Current Account		
Kenya Commercial Bank KCB (Grant)	1234391457	1,120,187.30
Kenya Commercial Bank KCB (Exam)	1133285325	50,745.00
Equity Bank (operation)	140161538542	420.00
Sub- Total		1,171,352.30

12. Cash generated from operations.

	2024/2025
	Kshs
Surplus/(Deficit) for the year	(224,876.20)
Adjusted for:	
Depreciation	-
Impairment	-
Working Capital Adjustments	
Increase in Inventory	-
Increase in Receivables	-
Increase in Payables	-
Increase in Payments received in advance	-
Net Cash Flow from Operating Activities	(224,876.20)

20. Appendices

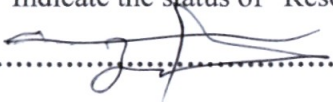
Appendix 1: Implementation Status of Auditor-General Recommendations

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

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 then first year of reporting. There is no prior years Auditor General's Recommendation				

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.



Name
Principal/Manager
(Enter title of Head of entity)
Date

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Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity:.....County Government of Meru.....


Name of beneficiary entity:.....Mwerondu Vocational Training Centre.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)

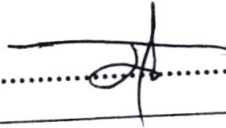
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
2024/2025	26/2/2025	684,000		684,000	Received
2024/2025	26/2/2025	660,000		660,000	Received
2024/2025					
Total					

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

Head of Accounts Department - Disbursing Entity:

Name *Douglas Kobla Samzians* Sign  Date *1 Dec 2025*

Head of Accounts Department - Beneficiary Entity:

Name *Joselyn Nwanya* Sign  Date *30/11/2025*

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Appendix II: Projects Implemented by(The Entity)

Projects

Projects implemented by the entity Funded by development partners.

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

Status of Project Completion

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

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

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Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity:.....County Government of Meru.....

Name of beneficiary entity:.....Mwerondu Vocational Training Centre.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
2024/2025		684,000		684,000	Received
2024/2025		660,000		660,000	Received
2024/2025					
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Douglas Kohia Sign *[Signature]* Date 1 Dec 2025

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....