REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

IBIRIGA VOCATIONAL TRAINING CENTRE

FOR THE YEAR ENDED 30 JUNE, 2025

IBIRIGA VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

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

COUNTY GOVERNMENT OF THARAKA NITHI
COUNTY TREASURY

Telephone: 1513
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P. O. BOX 10-60406
KATHWANA

REF: TNC/FIN/NVTC/Vol. I/01 **Date: 20th August 2025**

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

RE: IBIRIGA 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 Ibiriga Vocational Training Centre Report and Financial Statements for the year ended 30th June, 2025

Please find enclosed report for your necessary action.

Thank you

Lawrence K. Ireri Rweria
CECM- Finance, Economic Planning and Revenue Mobilization

cc

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

Table of Contents

1. ACRONYMS AND DEFINITION OF KEY TERMS

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

2. KEY INFORMATION AND MANAGEMENT

(a) Background information

Ibiriga Vocational Training Centre was started in the year 1997 as an initiative of the church which was aimed at equipping the youth with life skills and technical skills in order to be self-reliant.
It was registered by the ministry of youth affairs and sport in the year 2007.The institution started to receive its first funding from the National government in the year 2010 as capitation (SYPT) in this same period the government posted three trainers to the institution.

Location of the institution

Ibiriga is located in Mwonge sub-location, Mwonge location, Magumoni ward, Meru south sub-county of Tharaka Nithi. Ibiriga it is about 1 $^1/_2$km off the Meru –Nairobi highway. Its neighbouring schools are Ibiriga primary and Ibiriga day secondary school. The institution is opposite P.C.E.A. Ibiriga Church.

Courses offered;

1. Carpentry and joinery.
2. Motor vehicle mechanics.
3. Hairdressing.
4. Welding and fabrication.
5. Fashion design.
6. Electrical installation.
7. Building technology.

(b) Principal Activities

Mission; To train youths for social, economic development and self-reliance.
Vision; To be a leader in providing quality technical skills country wide.
Motto; Professional skills are the key to the youth people.

(a) Key Management

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

SN.	Name	Position
1.	Osoro Nathan mogambi	Manager / Principal
2.	Gundura Njagi	Treasurer / Bursar
3.	Patrick Gitonga	Chairman

(b) 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.	Patrick Gitonga	Chairman BOM
2.	Osoro Nathan Mogambi	Manager / Principal
3.	Gundura Njagi	Treasurer / Bursar
4.	Sarah Kanyua	Guidance and Counselling / Department

(c) Fiduciary Oversight Arrangements

1. Finance and operation committee activities.
2. Academic committee – All the trainers. Instructors, Deputy Manager.
3. Procurement committee – All the instructors.

(d) Entity Headquarters

P.O. Box 69- 60400 Chuka
Ibiriga VTC
Karandini Market
Chuka Kangoro-Nairobi
Tharaka Nithi, KENYA

(e) Entity Contacts

Telephone: (254) 0726647430
E-mail: ibirigavtc@gmail.com

(f) Entity Bankers

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

Equity bank
P.O Box 213 Meru
Chogoria Branch

(g) **Independent Auditors**

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

(h) **Principal Legal Adviser**

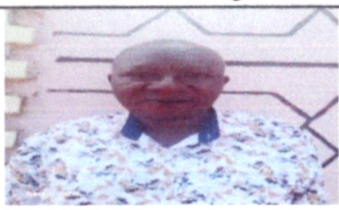
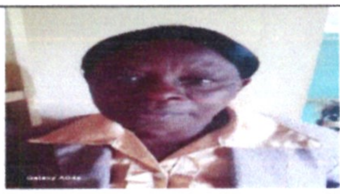
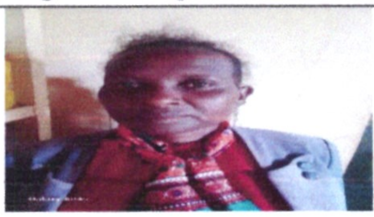
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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

3. THE BOARD OF MANAGEMENT

Member/ Director	**Details**
 Osoro Nathan Mogambi	-Manager -Diploma in Automotive. -Certificate in Motor Vehicle Mechanics. -Diploma in Technical Education. -Diploma in Educational Management. -DOB: 1975.
 Patrick Gitonga Nkoroi	-Chairman -Diploma in public relation. -DOB:1960
 Gundura Njagi	-Treasurer -Certificate in Secretarial. -DOB:10/06/1962.

4. KEY MANAGEMENT TEAM

S/No	Member/ Director	Details
1.	 Osoro Nathan Mogambi	Discipline and staff management. Diploma in Automotive. -Certificate in Motor Vehicle Mechanics. -Diploma in Technical Education. -Diploma in Educational Management.
2.	 Patrick Gitonga Nkoroi	General oversight Diploma in public relation.
3	 Gundura Njagi	Technical Support and spiritual welfare. Certificate in Secretarial.
5	 Regina Anampiu	Academic affairs. Certificate in dress making.
5	 Sarah Kanyua	Guidance and counselling Certificate in hairdressing and Beauty therapy.

5. CHAIRMANS STATEMENT

Ibiriga Vocational Training Centre is one of the upraising vocational training centres in Tharaka Nithi County. The institution was started by initiative of the church leaders the woman guild with the aim of equipping the youth with appropriate knowledge and skills for self employment.
Due to the increase in the crime rate and the use of drugs and substances abuse, the institution aims at guiding and counselling the youth on the negative effects on the use of drugs and other substances. Consequently, we are seeing the change in the moral values of the youth especially those who are graduating from our institution.
With the increase demand on vocational skills the institution is looking for partnership with other stakeholders to improve the standard of services delivery of the institution.

Challenges

Ibiriga Vocational Training Centre has faced number of challenges in the year.

- The institution has infrastructural demand starting with the school lack of a standard office.
- Classes/workshops are not enough and our ladies reside on the church compound since they do not have a hostel / Dormitory.
- Finally, the institution it's incapacitated, it does not have enough trainers, since most of the trainers who are six (6) in numbers as BOM contracted.
- Due to lack of enough trainers the wage bill for salaries it's too huge for the institution to pay.
- Insufficient funding, with the institution highly reliant on student fees and county capitation grants

Achievements

Ibiriga Vocational Training Centre has made many steps in this financial year despite the prevailing challenges.

- The institution has increased the number of the graduates for those who have completed and sat for their exams from 40% last financial year to 60%in this financial year. The institution is looking forward to increase the number to 70%.
- The institution is now admitting students from other countries e.g Meru and Embu due to the improved accommodation facilities, especially male trainees.

Future Outlook

- The institution is working hard to introduce new courses that have a high demand in the job market. The institution is looking forward to the equipping the institution with modern tools and equipments for its trainees.
- The introduction of the CBET Curriculum and lastly its committed in getting more donors and funders.

Sign: ____________

Patrick Gitonga Nkoroi
Chairman

6. REPORT OF THE PRINCIPAL / MANAGER

Ibiriga Vocational Training Centre it's located in Mwonge sub-location, Mwonge location, Magumoni ward, Chuka igambang'ombe constituency, Meru south sub-county. It's the leading institution in Magumoni ward.

It has a student population of 112 trainees with one public service employee manager and five BOM instructors who are serving in the various trades / departments. The institution offers the following courses;

1. Fashion Design / Tailoring / Dress Making.
2. Motor Vehicle Mechanics.
3. Carpentry and joinery.
4. Welding and Fabrication.
5. Electrical Installation.
6. Hairdressing and beauty.
7. Plumbing.
8. Mason.
9. ICT.

The institution has done well in terms of service delivery to its clients i.e. the trainees. Through the effort that the BOM and the trainers have put in it, the enrolment to the institution has gone up compared to the previous years.

Challenges

Ibiriga vocational training centre faced many challenges which hampers from its service delivery including;

- Lack of enough infrastructures e.g. lack of girl's dormitory and workshops are not enough.
- It has no standard office.
- The funding it receives from the County governments is not enough to meet its training needs.
- Lack of enough qualified instructors with majority being BOM instructors increasing wage bill; i.e. salaries for instructors and support staff.

Achievements

Despite the many challenges the institution, the institution has made some achievements. These include;

- The number of enrolments has risen up compared to the previous year.
- The number of trainees who have sat for the last examination has go up compared to the previous years.
- The institution is also admitting students from other counties e.g. Embu and Meru.

Future Outlook / Way Forward

- The institution intends to introduce market driven courses e.g. phototalic (solar installation courses)
- The institution will secure more tools and equipments to make learning easy for trainees.
- The institution tends to introduce the CBET Curriculum.
- Due to lack of infrastructure the institution is looking for partners who can help to address the issues affecting the institution especially the infrastructure and equipping the institution with better modern tools.

Sign: O.N.B.Mogambi

Osoro Nathan Mogambi
Manager

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Ibiriga 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: Infrastructure and resource mobilization

Ibiriga 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. Ibiriga 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
Infrastructure and resource mobilization	Foster Inclusion	Good accommodation structures	Establish accommodation structures	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 in line 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

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

- Expansion of our vocational training course
- Expansion of our facilities to encourage enrolment.
- Establishment of partnership with local industries.

Achievements

We celebrate notable achievement like an increased number 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 government employed trainers leading to strains in finances

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 Ibiriga 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 Ibiriga 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 Ibiriga VTC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

O.N.Nyangweta

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Secretary of the Board

Date: 14th July 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 Ibiriga 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 Ibiriga VTC.

The Board of Management are responsible for the preparation and presentation of the Ibiriga 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 Ibiriga 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 Ibiriga 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 Ibiriga VTC, which have been relied upon in the preparation of the Ibiriga 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 Ibiriga 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

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

…………………………………	…………………………………
Patrick Gitonga Nkoroi	Osoro Nathan Mugambi
Chairperson of the Board	**Acting Manager**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON IBIRIGA 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 Ibiriga 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 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, financial statements present fairly, in all material respects, the financial position of Ibiriga 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Ownership and Value of Fixed Assets

The statement of financial position reflects total assets balance of Kshs.88,717 which comprise of Nil balance in respect to property, plant and equipment. However, the land, buildings and furniture and fittings and other assets have not been surveyed, valued and included in the fixed asset register and the annual report and financial statements.

In the circumstances, the accuracy and completeness of the of total assets balance totalling Kshs.88,717 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ibiriga 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.900,000 and Kshs.827,762 respectively, resulting to an under-funding of Kshs.72,238 or 8% of the budget. However, the Institution spent a balance of Kshs.780,457 against actual receipts of Kshs. 827,762 resulting to an under-utilization of Kshs. 47,305 or 5.7% of actual receipts.

The under-funding and under-utilization 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 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 xxiii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Manager, 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. Lack of Procurement Plan

The statement of financial performance reflects an amount of Kshs.827,762.00 and Kshs.780,457.00 in respect of total revenue and expenses respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public

Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

2. Unregistered and Unlicensed Trainers

Review of Centre's records revealed that the Institution had six six (6) trainers contracted by the Board of Management, but all of them had no license and registration documents from the Board and as a result their suitability to offer the services to the Institution could not be confirmed. This contravened Section 23(1) of Technical and Vocational Education and Training Act, 2013 which states that any person who intends to become a trainer in an Institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act.

3. Offering of Unlicensed Training Programs

The statement of financial performance reflects fees from students amounting to Kshs.527,762 as disclosed in Note 7 to the financial statements. However, audit review established that the Institution was offering several training programs, namely carpentry and joinery, motor vehicle mechanics, hairdressing, welding and fabrication, fashion design, electrical installation and building technology, as disclosed in the annual financial report and statements. However, Management failed to prove that the Institution was licensed to offer the courses. This contravenes Section 20(1) of the Technical and Vocational Education and Training Act, 2013, which requires that TVET Institutions only offer courses for which they are duly registered and licensed.

In the circumstances, Management was in breach of the law, and students enrolled in these programs are exposed to the risk of invalid or unrecognized certifications

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Reports

Review of records and processes revealed that the Centre did not have operational internal audit function and Internal Audit Committee as no internal audit reports, Internal Audit Committee minutes and risk assessment reports related to the Centre were not provided for audit review for the period under review.

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

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

Responsibilities of the Management and the Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the 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

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	527,762
Total Revenue		**827,762**
Expenses		
Use of Goods and Services	8	607,957
Employee costs	9	172,500
Total Expenses		**780,457**
Net surplus/(deficit) for the year		47,305

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

Patrick Gitonga Nkoroi Chairman	Osoro Nathan Mugambi 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	10	88,717
Total Current Assets		**88,717**
Total Non-Current Assets		0
Total Assets		**88,717**
Liabilities		
Total Liabilities		0
Net Assets		**88,717**
Represented By:		
Accumulated Surplus		88,717
Total Net Assets		**88,717**

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

Patrick Gitonga Nkoroi Chairman	Osoro Nathan Mugambi Manager	CPA Judith Muthoni Chief Accountant **ICPAK No. 21856**

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

Description	Accumulated Surplus	Capital Grants/Fund	Total
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	41,412		41,412
Surplus/(deficit) for the year	47,305		47,305
Capital grants received during the year			0
At June 30, 2025	88,717	0	88,717

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	527,762
Total Receipts		**827,762**
Payments		
Use of goods and services	8	607,957
Employee costs	9	172,500
Total Payments		**780,457**
Net Cash Flows from operating activities		47,305
Net cash flows used in investing activities		0
Net cash flows used in financing activities		0
Net Increase/(Decrease) in Cash and Cash equivalents		**47,305**
Cash & Cash equivalents at the beginning (1st July 24)	10	41,412
Cash & Cash equivalents at the end. (30th June 25)	10	**88,717**

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

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year	-					
Receipts						
Transfers from County Government	300,000		300,000	300,000	0	100%
Fees from students	600,000		600,000	527,762	72,238	88%
Total Receipts	**900,000**		900,000	**827,762**	**72,238**	92%
Payments						
Use of Goods and Services	700,000		700,000	607,957	92,043	87%
Employee costs	200,000		200,000	172,500	27,500	86%
Expenditure	**900,000**	**0**	**900,000**	**780,457**	**119,543**	87%
Capital Expenditure payments	0	0	0	0	0	
Total Expenditure	**900,000**	**0**	**900,000**	**780,457**	**119,543**	87%
Surplus	**0**	**0**	**0**	**47,305**		

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Ibiriga VTC entity is established by and derives its authority and accountability from TVET Act, 2012 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	*Applicable 1st January 2025* The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.

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	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

Standard	Effective date and impact:
IPSAS 47: Revenue	*Applicable 1st January 2026* This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	*Applicable 1st January 2026* The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	*Applicable 1st January 2026* The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

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 statementsplant 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. 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.

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.

Inventories (Continued)

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

Ibiriga 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

Ibiriga 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

Ibiriga 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	527,762
Total Fees from students	**527,762**

8. Use of Goods and Services

Description	FY 2024/2025 Ksh
Teaching and learning materials	275,247
Electricity	24,000
Water	7,700
Professional and Consulting Services	10,000
Examination Fees	65,000
Catering, conferences, and delegations	183,810
Travelling and accommodation	31,500
Printing and stationery	700
Other Expenses	10,000
Total good and services	**607,957**

9. Employee Cost

Description	FY 2024/2025 Ksh
Salaries and wages	172,500
Employee Costs	**172,500**

10. Cash and Cash Equivalent

Description	FY 2024/2025 Ksh
Current Account Capitation Account	12,409
Operations Account	76,308
Total Cash and Cash Equivalents	**88,717**

11. 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:

12. 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.

13. County Government of Tharaka Nithi
The County Government of Tharka Nithi is the principal shareholder of Ibiriga 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

14. Events After The Reporting Period

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

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