


REPUBLIC OF KENYA



*Enhancing Accountability*



 THE NATIONAL ASSEMBLY PAPERS LAID	
<b>REPORT</b>	DATE: 08 APR 2026 DAY: WEDNESDAY
TABLED BY:	Hon. DIDO RASO, MP ON BEHALF OF LOM
CLERK-AT-THE-TABLE:	J. LEMERELLE

PARLIAMENT  
OF KENYA  
LIBRARY

# THE AUDITOR-GENERAL

ON

# GITHONGO VOCATIONAL TRAINING CENTRE

FOR THE YEAR ENDED  
30 JUNE, 2025



**GITHONGO VOCATIONAL TRAINING CENTRE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

# GITHONGO VTC

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

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# GITHONGO VTC

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

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### 1. Acronyms and Definition of Key Terms

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

# GITHONGO VTC

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

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### 2. Key Entity Information and Management

#### a) Background information

The institution was incorporated/ established under the TVET Act 2013 on 25<sup>th</sup> January 2016. The entity is domiciled in Kenya and has no branches. The college is under the County Department for Education. Currently the institution has the following courses:

- i. Food processing technology
- ii. Fashion and design
- iii. Metal processing technology
- iv. Hair dressing and beauty
- v. Motor vehicle mechanics
- vi. Electrical and electronics
- vii. Carpentry and masonry
- viii. Plumbing technology
- ix. Computer
- x. Driving

#### b). Principal Activities

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

#### Motto

What you perceive is what you create.

#### Mission

To empower the youth with competent and adequate training for self-reliance and nation development.

#### Vision

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

#### c) Key Management

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

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

#### d). Fiduciary Management

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

SN.	Designation	Name
1.	Principal/Manager	John M. Nkuraru
2.	Deputy Principal/Assistant Manager Finance	Samson Gichuru

## GITHONGO VTC

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

SN.	Designation	Name
3.	Deputy principal/Assistant Manager Academics	Salesio M. Kanampiu
4.	Dean of trainees	Doreen K. Gitonga

#### e). Fiduciary Oversight Arrangements

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

No.	Name	Designation
1.	John Mwirigi Nkururu	Manager
2.	Samson Gichuru Mukiri	Assistant manager finance
3.	Salesio Mutugi Kanampiu	Assistant manager academics
4.	Doreen Kinanu Mwenda	Dean of trainees

#### Audit and risk committee activities

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

#### Finance and operations committee activities

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

#### Academic committee activities

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

#### f). Institution Headquarters

Githongo vtc

P.o. box 663 - 60200

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

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Githongo  
Githongo highway  
Kenya

**g). Institution Contacts**

Telephone: (254) 721270465  
E-mail: githongoyouth@yahoo.com

**h). Institution Bankers**

Kenya Commercial Bank  
P O Box 178  
Meru

Equity Bank  
P O Box 75104  
Meru

Capital Sacco  
P O Box 1479  
Meru

**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

## GITHONGO VTC

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






#### 1 The Board of Management

Member/ Director	Details
 Name : Charles M'Marangu Profession: Retired head teacher Academic: EACE/O'Level	Date of birth – 1948 Qualification – P1 Work experience – 33years Position in B.O.G – chairperson B.O.G
 Name : Cosmas G. M'Marete Profession: Retired head teacher Academic: EACE/O'Level	Date of birth – 1951 Qualification – ATS Work experience – 31years Position in B.O.G – 3 <sup>rd</sup> signatory
 Name : Ayub A. Muriungi Profession: Retired teacher Academic: EACE/O'Level	Date of birth – 1952 Qualification – S1 Work experience – 33years Position in B.O.G – executive member
 Name : Mercy Mwendwa Marangu Profession: Farmer Academic: KCSE	Date of birth – 1980 Qualification – KCSE Work experience – 22years
 Name : John Mwirigi Nkuraru Profession: Automotive trainer Academic: KCSE	Date of birth – 1966 Qualification – Diploma in Motor Vehicle Technology Diploma in Kenya Education Management Institute

## GITHONGO VTC

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

#### 2 Key Management Team

S N.	Member/ Director	Details
1.	 Name: John Mwirigi Nkuraru Profession: Automotive Trainer Academic : diploma	Manager
2.	 Name: Samson Gichuru Mukiri Profession: Electrical Trainer Academic : craft	Assistant manager finance
3.	 Name: Salesio Mutugi Kanampiu Profession: Computer Trainer Academic : diploma	Assistant manager academics
4.	 Name: Doreen Kinanu Mwenda Profession: Fashion and design Trainer Academic : diploma	Dean of trainees
5.	 Name: Johnson M. Kiambi Profession: Accountant Academic : craft	Finance Officer

#### 3 Chairman's Statement

## **GITHONGO VTC**

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

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I am happy to present the annual report and financial statement of Githongo Vocational Training Centre for the year ended June 30<sup>th</sup> 2025.

The demand for TVET programmes in the country has gone up to forcing the institution to respond to the demand of the market. The aim of the board is to position Githongo V.T.C main programme within the context of the market needs, cost rationalization, equity and customer testimony.

During the year 2024-2025 period, main achievement were realized, these are:

1. Increased students enrolment from 200 to 350.
2. Started a three storey boys hostel.
3. Enhanced marketing strategies which has given us high population in the institution.
4. Improved dairy farming.
5. Establish and liaison with local industries where the institution can attach its trainees.
6. Participated in various skilled competition and co-curricular activities.

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

1. High growth of trainees in the institution.
2. Development of various physical infrastructure in the institution.
3. Competitive recruitment of staff both trainees and support staff.
4. Development of various physical infrastructure in the institution.

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

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

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

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

## GITHONGO VTC

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

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#### 4 Report of the Manager

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

#### Academic and student affairs

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

#### ENROLMENT

##### First years 2025

S/NO	COURSE	MALE	FEMALE	TOTAL
1.	Motor vehicle mechanics	16	2	18
2.	Masonry/carpentry	9	-	9
3.	Electrical/electronics	9	-	9
4.	Metal technology	8	-	8
5.	Fashion and design	1	7	8
6.	Plumbing	4	2	6
7.	Beauty/hairdressing	1	15	16
8.	Food processing	1	5	6
<b>TOTAL</b>				<b>80</b>

##### Second years 2024

S/NO	COURSE	MALE	FEMALE	TOTAL
1.	Motor vehicle mechanics	44	-	44

## GITHONGO VTC

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

2.	Masonry/carpentry	20	-	20
3.	Electrical/electronics	17	3	20
4.	Metal technology	10	-	10
5.	Fashion and design	-	8	8
6.	Plumbing	19	-	19
7.	Beauty/hairdressing	5	25	30
8.	Food processing	5	16	21
<b>TOTAL</b>				<b>172</b>

#### Computer

Males – 44

Females – 53

Total – 97

#### Driving

Males- 4

Females -3

Total - 7

#### Grand school enrolment 356 trainees

#### STUDENTS WELFARE

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

One of the greatest challenges in the management of student's welfare is the bright trainees from poor backgrounds. In order to reduce incidence, due to lack of school fees, the institution encourages trainees to apply for bursaries from ward fund, CDF and NGAAF. And also the support grant of Ksh.15,000 per trainee from county government of Meru.

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

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

During the period, Githongo VTC managed to make linkages with various organizations and industries to secure attachments for trainees. The above strategy has been a tremendous improvement in trainees enrolment and sustainability.

**INSTITUTION INFRASTRUCTURE**

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

- (i) Construction of three story boys hostel which is at ground floor but not yet complete.
- (ii) Revamping of clean water (mwombobia spring) for use in the institution.
- (iii) Improved dairy farming through breeding and proper feeding.
- (iv) Practice of horticulture farming to feed trainees.
- (v) Acquired training materials for all the departments in Githongo VTC.
- (vi) Acquired tools and equipments to:
  - Electrical and electronics technology
  - Metal processing technology
  - Hair dressing and cosmetology
  - Fashion and design
  - Motor vehicle technology
- (vii) Githongo VTC has been able to repair and maintain tools and equipments.

**6.ADMINISTRATION**

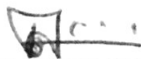
I am humbled to convey my sincere appreciation and gratitude to the board of governors of Githongo V.T.C for their support, commitment and dedication to their work to see to it that Githongo VTC move towards to attain its vision.

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

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

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To remain on course and continue executing the core mandate of the institution the board of governors/council was appointed from areas and skills to capture enrolment and continued implementation of the 2022-2027 strategic plan.



.....  
John M. Nkuraru  
**Principal**

**7. Statement of Performance against Predetermined Objectives**

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

- Pillar 1: Grow the education and TVET programmes.
- Pillar 2: Promote equity and quality education and training.
- Pillar 3: Strengthen organisation development and capabilities.
- Pillar 4: Establish contemporary learning services and facilities.
- Pillar 5: Pursue stakeholders partnerships and collaborations.

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

Strategic Pillar	Strategic pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Grow the education & TVET programmes	Growing the education & TVET programmes	Improved service delivery Modern Motor Vehicle Technology capability adopted in management & training. Number of partnership developed with key stakeholders	Benchmarking of the institute services against our competitor. Invest in Motor Vehicle Workshop capability to support service delivery. Enhance partnership with the stakeholders	Benchmarked with neighbouring institution on motor vehicle technology workshop. Initiated the automation of the key departments finance, administration and exams.
Pillar 2:	Promote equity & quality education and training.	Promoting equity & quality education and training.	Number of trainers in courses mainly dominated by the opposite gender. Number of trainers who participated in the capacity building workshops Number of trainers who participated in the capacity building workshops.	Advocate for the participation of both gender in the TVET programmes. Intergrated plan that focuses on enhancing trainers excellence.	High enrolment in motor vehicle mechanic course. The institute sent automotive trainers to Meru National Polytechnic for the training organized by CBET/CDACC

### **8. Corporate Governance Statement**

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

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

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

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

The following are functions of board members:

1. Ensure the institution complies with laws , regulations and internal policies.
2. Approve and monitor the institution strategic plan
3. Approve budgets and financial reports.
4. Monitor financial performance and sustainability.
5. Risk mitigation strategies.

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

1. Board evaluations
2. Succession planning

## **GITHONGO VTC**

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

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#### 3. Retreats

#### 4. Committee participation

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

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

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

## GITHONGO VTC

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

#### 9. Management Discussion and Analysis

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

During the financial year, we were not able to complete most of our performance key projects as follows, F/Y 2024/2025 key projects completion rate.

Project Name	Project Description	Location	Total Estimated Cost (Ksh.)	Current Status	Allocation For Fy 2024/2025 (Ksh.)	Expected Deliverables For 2025/2026	End Of Year Completion Status
Boys hostel	Three story building	Githongo Vocational Training Centre	22,830,487	Ground floor not complete but with doors and windows without panes.	4M	Complete ground floor and other story buildings.	30%

## 10. Environmental And Sustainability Reporting Statement

### i. Sustainability strategy and profile

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

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

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

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

### ii. Environmental performance

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

#### Ecological sustainability

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

#### Sustainability strategies

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

#### Emission of air

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

### iii. Employee welfare

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

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

(time, money ,resources) the management developed and implemented incentives and rewards (monetary)

**iv. Marketplace practices-**

The organization should outline its efforts through:

**a) Responsible competition practice.**

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

**b) Responsible Supply chain and supplier relations**

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

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

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

**d) Product stewardship or Awareness creation**

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

**v. Corporate Social Responsibility / Community Engagements**

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

- a. Charitable activities. The institution has been offering material and spiritual support to needy children in various children homes through donation of food stuffs and cloths.
- b. Community outreach activities: Githongo VTC in conjunction with Githongo general hospital organised for a Covid 19 awareness sensitization programme at Githongo market. This was a sign that the institution is moving towards fulfilling its core mandate of community service. An institution worth its name must

benefit the community and not only improve its economic activities but also uplift the health and well-being of people around to attain good health.

- c. Environmental improvement activities: introduction of community periodical cleaning day at Githongo market has been one of the environmental activities of the institution.
- d. Academic mentorship: Githongo VTC in conjunction with local secondary schools was involved in offering career advice to students within the sub county during financial year. The institution also offered internship and attachment to qualified youths from the surrounding community and institution

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

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**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 institution affairs.

**Principal activities**

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

**Results**

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

**Board of Management**

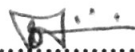
The members of the Board who served during the year are shown on page vii.

**Auditors**

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

By Order of the Board

JOHN M. NKURARU



.....  
**Secretary of the Board**

**Date:**

## **GITHONGO VTC**

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

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#### **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 institution, which give a true and fair view of the state of affairs of the institution at the end of the financial year/period and the operating results of the institution for that year/period. The Board of Management are also required to ensure that the institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution. The Board of Management are also responsible for safeguarding the assets of the institution.

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

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

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

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**Approval of the financial statements**

The institution financial statements were approved by the Board on 3/12/2025 2025 and signed on its behalf by:

  
.....  
**CHARLES M'MARANGU**

**Name**

**Chairperson of the Board**

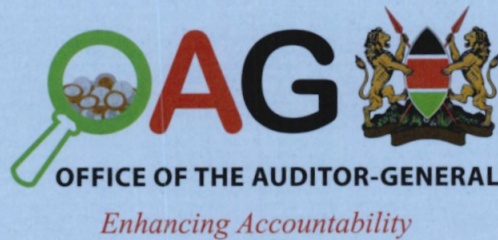
  
.....  
**JOHN M. NKURARU**

**Name**

**Principal/Manager**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON GITHONGO VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2025

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### 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 Githongo Vocational Training Centre set out on pages 1 to 55, 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 Githongo Vocational Training Centre as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Accounts Receivables**

The statement of financial position reflects accounts receivable balance of Kshs.381,580 as disclosed in Note 10 to the financial statements. However, a detailed ageing analysis and the issued invoices detailing students' registration numbers and the date of the debt were not provided for audit review.

In the circumstances, the existence and recoverability of the accounts receivable of Kshs.381,580 could not be confirmed.

#### **2. Unsupported Revenue from Exchange Transactions**

The statement of financial performance reflects revenue from exchange transactions balance of Kshs.6,332,233 as disclosed in Note 7 to the financial statements. Included in this revenue is fees from students amounting to Kshs.6,066,568, sale of goods revenue of Kshs.122,872, rental revenue from facilities and equipment of Kshs.29,000 and miscellaneous income of Kshs.113,793. However, invoices issued in regard to this revenue were not provided for audit verification.

In the circumstances, the accuracy and completeness of the recorded student fees revenue could not be confirmed.

#### **3. Undisclosed Assets**

The statement of financial position reflects total non-current assets balance of Kshs.189,776. However, the Management of the Training Centre did not disclose the balances of property, plant and equipment, inventory and biological assets (three cows and three calves) despite owning various assets, including, land, buildings and training equipment. In addition, the entity did not maintain an updated asset register.

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

#### **4. Unsupported Cash and Cash Equivalentents**

The statement of financial position reflects cash and cash equivalentents balance of Kshs.3,053,865 as disclosed in Note 12 to the financial statements. Included in this balance are Capital Sacco - Fees Account, Equity Bank - Exam Account, KCB - Operations Account and KCB - Grant Account with account balances of Kshs.332,792, Kshs.356,131, Kshs.175,234 and Kshs.2,189,708 respectively. However, the bank balances were not supported bank reconciliation statements and cashbooks of the Capital Sacco Fees Account and Equity Bank Exam Account.

In the circumstances, the accuracy and completeness of the cash and cash equivalentents balance of Kshs.3,053,865 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.11,225,000 against actual receipts of Kshs.10,082,233, resulting in an under-funding of Kshs.1,142,767 of the budget. However, the Institution spent Kshs.9,972,731 against actual receipts of Kshs.10,082,233, resulting to an under-utilization of Kshs.109,502 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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

#### **Other Matter**

#### **Other Information**

The Board of Management is responsible for the Other Information set out on page ii to xxv which comprise of Key Entity Information and Management, the Board of Management, Management Team, Chairman's Statement, Report of the Manager,

Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of the Board of Management Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Centre's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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. Stalled Project**

The Management through the County Government of Meru awarded a contract to a local supplier for construction of a two (2) storey boys' hostel at a contract sum of Kshs.22,000,000 in the financial year 2018/2019 to be completed in the financial year 2023/2024. An amount of Kshs.5,200,000 has been paid however, as at time of audit in November, 2025, the building had stalled and the contractor was not on site.

Further, Management did not provide any clause on exit in the event there was a breach of contract.

In the circumstances, value for money totalling Kshs.5,200,000 already paid could not be confirmed while the benefits from the incomplete project were denied to the beneficiaries.

#### **2. Failure to Budget for Climate Change and Financing**

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

In the circumstances, Management was in breach of law.

### **4. Lack of a Procurement Plan**

The statement of financial performance reflects an amount of Kshs.10,082,233 and Kshs.9,972,731 in respect of total receipts and payments respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Section 45(3) of the Public Procurement and Assets Disposal Act, 2015 which requires that all procurement processes should be within the approved budget of the procuring entity and should be planned by the procuring entity concerned through an Annual Procurement Plan.

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. Fixed Assets Register and Asset Tagging**

Githongo Technical and Vocational Training Centre did not maintain an updated fixed assets register as at 30 June, 2025 and the furniture, computers and office equipment items were not tagged for ease of identification and tracking.

In the circumstances, the controls on assets identification and traceability could not be confirmed.

### **2. Lack of Ownership Documents**

The statement of financial position and as disclosed in Note 15 reflects Kshs.189,777 in respect to property, plant and equipment which includes land, buildings, furniture and computers. However, land ownership documents were not provided for audit., thus, understating the book value of the assets. In addition, the management disclosed NIL value for land, furniture, motor vehicles and computers.

### **3. Lack of an Internal Audit Function and Audit Committee**

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

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

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

## **Responsibilities of the Management and 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 Institution'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**

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

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

	Notes	2025 Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	3,750,000
<b>Revenue from Exchange transactions</b>		
Fees from students	7	6,066,568
Sale of goods	8	122,872
Rental revenue from facilities and equipment	9	29,000
Miscellaneous income	10	113,793.
<b>Revenue from Exchange transactions</b>		<b>6,332,233</b>
<b>Total Revenue</b>		<b>10,082,233</b>
Use of goods and services	11	7,234,597
Employee costs	12	2,148,434
Board Expenses	13	465,100
Repairs and maintenance	14	124,600
<b>Total Expenses</b>		<b>9,972,731</b>
<b>Net surplus/(deficit) for the year</b>		<b>109,501</b>

.....  
**CHARLES M'MARANGU**  
 Chairman of Board

Date 3/12/2025

.....  
*Hellen Mwikinda*  
**Accountant**  
 ICPAK No 31780

Date 3/12/2025

.....  
**JOHN M. NKURARU**  
 Principal/Manager

Date 3/12/2025

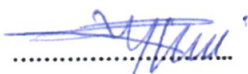
**GITHONGO VTC**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

**15.Statement of Financial Position As At 30th June 2025**


Description	Notes	2025
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	15.a	3,053,865
Current portion of receivables from exchange transactions	16.a	381,580.00
Inventory	17	52,040.00
<b>Total Current Assets</b>		<b>3,487,485.</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	18.a	189,776.
<b>Total Non-Current Assets</b>		<b>189,776.</b>
<b>Total Assets (A)</b>		<b>3,677,261</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Total Current Liabilities</b>		
<b>Non-Current Liabilities</b>		

<b>Total non- current liabilities</b>		
<b>Total Liabilities (B)</b>		<b>0</b>
<b>Net Assets (A-B)</b>		<b>3,677,261.</b>
<b>Represented By:</b>		
Accumulated Surplus		3,677,261.
Capital Fund		-
<b>Total Net Assets</b>		<b>3,677,261</b>


The Financial Statements set out on pages 1 to 33 were signed by:

  
 CHARLES M'MARANGU  
 Chairman of Board

Date 3/12/2025

  
 Heleen Mwikira  
 Accountant  
 ICPAK No

Date 3/12/2025

  
 JOHN M. NKURARU  
 Principal/Manager

Date 3/12/2025

**GITHONGO VTC**

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

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

Description	Revaluation reserve	Accumulated Surplus	Total
At July 1, 2024 (current year)		3,567,759	3,567,759.
Surplus/(deficit) for the year		109,501	109,501
At June 30, 2025		3,677,261	3,677,261

**GITHONGO VTC**  
**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	2025	
	Note	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from County Government	6	3,750,000.00
Fees from students	7	5,684,988.00
Sale of goods	8	122,872.20
Rental revenue from facilities and equipment	9	29,000.00
Miscellaneous income	10	113,793.00
<b>Total Receipts</b>		<b>9,700,653.00</b>
<b>Payments</b>		
Use of goods and services	11	7,286,637.00
Employee costs	12	2,148,434.00
Board Expenses	13	465,100.00
Repairs and maintenance	14	124,600.00
<b>Total Payments</b>		<b>10,024,771.00</b>
<b>Net Cash Flows from operating activities</b>		<b>(324,118.00)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, and equipment		(189,776)
<b>Net cash flows used in investing activities</b>		<b>(189,776)</b>
<b>Cash flows from financing activities</b>		
<b>Net cash flows used in financing activities</b>		<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(513,894.12)</b>
Cash & Cash equivalents at the beginning (1 <sup>st</sup> July 2024)		3,567,759.22
Cash & Cash equivalents at the end. (30 <sup>th</sup> June 2025)	15	<b>3,053,865.10</b>

**GITHONGO VTC**
**Annual Report and Financial Statements for the year ended 30th June 2025**
**18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025**

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
<b>Budget carryovers from the previous year*</b>	-					
<b>Receipts</b>						
Transfers from County Government	3,750,000	-	3,750,000	3,750,000	-	100
Fees from students	6,066,568	-	6,066,568	5,684,988	381,580	94
Sale of goods	122,872	-	122,872	122,872	-	100
Rental revenue from facilities and equipment	29,000	-	29,000	29,000	-	100
Miscellaneous Income	113,793		113,793	113,793	-	-
<b>Total Receipts</b>	10,082,233	-	10,082,233	9,700,653	381,580	
<b>Payments</b>						
Use of goods and services	7,286,637		7,286,637	7,286,637	0	100
Employee costs	2,148,434		2,148,434	2,148,434	-	100
Board Expenses	465,100		465,100	465,100	-	100
Repairs and maintenance	124,600		124,600	124,600	-	100
Miscellaneous Expenses	57,462		57,462			
<b>Total Expenditure</b>	10,082,233	-	10,082,233	10,024,771	0	
<b>Capital Expenditure payments</b>						
<b>Surplus</b>	(0)	-	(0)	(324,118)	381,580	

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

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**2. Notes to the Financial Statement**

**1. General Information**

Githongo 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 meru sub-county. The entity's principal activity is Technical Training

**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 institution 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 institution The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**GITHONGO VTC**

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

**3. Adoption of New and Revised Standards (New and amended standards and interpretations in issue effective in the year ended 30 June 2025.**

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

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

Standard	Effective date and impact:
IPSAS 43:  Leases	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44:  Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p>

**GITHONGO VTC**

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

	<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 assets and distinguishing significant parts of infrastructure assets</p>
<p>IPSAS 46: Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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

<p>IPSAS 48: Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply 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>IPSAS 49: Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></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>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></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> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ul>

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

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**ii. Early adoption of standards**

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**
- ii) 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.

**iii) 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 measure 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 in 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

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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.

**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 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

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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 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 amortised 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

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outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **(k) Inventories**

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

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

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

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

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

**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**

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 institution 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 institution 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 : 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) Nature and purpose of reserves**

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

**n) Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

The institution 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.

**p) 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.

**q) Borrowing costs**

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

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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.

**r) Related parties**

The institution 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.

**s) Service concession arrangements**

The institution 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 institution 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 institution also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) 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.

**u) Comparative figures**

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

**v) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the institution 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 institution.
- 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

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**Provisions**

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

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).

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****6. Transfers from the County Government**

Description	2025
	Kshs
<b>Unconditional Grants</b>	
Capitation Grants	3,750,000.00
Operational Grant	
Unconditional Development grants	-
Other Grants	-
<b>Total unconditional Grants</b>	<b>3,750,000.00</b>
<b>Conditional Grants amortised/ recognised in revenue</b>	
Hostels Grant	-
Administration Block Grant	-
Laboratory Grant	-
Learning Facilities Grant	-
Other Organizational Grants	-
<b>Total Government Grants and Subsidies</b>	<b>3,750,000.00</b>

**(b) Transfers from County Government (Categorized)**

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year
	Kshs	Kshs	Kshs	Kshs
County Department for EDUCATION	3,750,000			3,750,000
<b>Total</b>	<b>3,750,000</b>			<b>3,750,000</b>

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**7. Fees from students**

Description	2025	2024
	Kshs	Kshs
Tuition Fees	5,711,538.00	0
Activity Fees	1,180.00	0
Industrial Attachment Fees	15,000.00	0
Examination Fees	338,850.00	0
Library Fees	-	0
Facilities And Materials	-	0
Registration Fees	-	0
Others ( <i>Specify</i> )	-	0
<b>Total Fees from students</b>	<b>6,066,568.00</b>	<b>0</b>

**8. Sale of Goods**

Description	2025	2024
	Kshs	Kshs
Sale of Books	0	
Sale of Publications	-	
Sale of Farm Produce	37,572.20	
Cafeteria sales		
Sale of desk	85,300.00	
<b>Total Revenue from Sale of Goods</b>	<b>122,872.20</b>	<b>0</b>

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Disclosure :

*Sale of produce amounting to Kshs.37,572.2 includes income from sale of potatoes and milk ii.Kshs 85,300 from sale of desks prepared by the trainees .*

**9.Rental revenue from facilities and equipment**

Description	2025
	Kshs
Hire of Facilities and Equipment	29,000.00
Contingent Rentals	-
Operating Lease Revenue	-
<b>Total</b>	<b>29,000.00</b>

Disclosure :

iii. *Kshs 29,000 income from hall hire.*

**10.Miscellaneous Income**

Description	2025
	Kshs
Miscellaneous income (specify)Catering Services	113,793.00
<b>Total other income</b>	<b>113,793.00</b>

Disclosure:

iv. *Kshs.113,793 refers to catering services offered by the institution.*

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****11. Use of Goods and Services**

Description	2025
	Kshs
Teaching and learning materials	2,019,496.00
Electricity	217,867.00
Advertising	94,000.00
Examination fees	1,501,850.00
Catering, conferences, and delegations(Hostel)	2,293,900.00
Travelling and accommodation	150,750.00
Insurance	30,750.00
Postage	23,175.00
Printing and stationery	290,500.00
Skills development levies	141,100.00
Internet expenses	67,000.00
Training expenses	196,600.00
Co-curricular activities	23,000.00
Medical expenses	45,020.00
Animal feeds	77,050.00
Animal treatment	27,250.00
Seeds	17,500.00
Bank Charges	17,789.00
<b>Total good and services</b>	<b>7,234,597.00</b>

**12. Employee Costs**

Description	2025
	Kshs
Salaries and wages	2,066,394.00
Employee related costs - contributions to pensions and medical aids	81,540.00
Social contributions	500.00
<b>Employee Costs</b>	<b>2,148,434.00</b>

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**13. Board Expenses**

Description	2025
	Kshs
Other Allowances	126,000.00
Other Board Expenses	339,100.00
<b>Total</b>	<b>465,100.00</b>

**14. Repairs and Maintenance**

Description	2025	2024
	Kshs	Kshs
Property		
Investment property – earning rentals	-	
Equipment and machinery	124,600.00	
<b>Total Repairs and Maintenance</b>	<b>124,600.00</b>	<b>0</b>

**15 (a). Detailed Analysis of Cash and Cash Equivalents**

Financial Institution	Account number	2025	2024
		Kshs	Kshs
<b>a) Current Account</b>			
Capital Sacco(Fees)	100113183100	332,792.25	
Equity Bank (Exam)	140294509214	356,131.05	
Kenya Commercial Bank KCB(operations)	1103252151	175,233.50	
Kenya Commercial Bank KCB(Grant)	1234160668	2,189,708.30	
<b>Sub- Total</b>		<b>3,053,865.10</b>	<b>0</b>

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**18. Property, Plant and Equipment**

Cost	Buildings	Total
	Kshs	Kshs
Depreciation Rate	2.50%	
At 1 July 2024		
Additions(work in progress)	189,776.00	189,776.00
At 30 <sup>th</sup> June 2025	189,776.00	189,776.00
At 30 <sup>th</sup> Jun 2025 (current year)	189,776.00	189,776.00

**Financial Risk Management**

The institution's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The institution'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 institution does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

The institution 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:

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****16(a) Current Receivables from Exchange transactions**

Description	2025	2024
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	381,580.00	0
Rent Debtors	0	0
Advance payments	0	0
Consultancy Debtors	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
<b>Total Current Receivables</b>	<b>381,580.00</b>	<b>0</b>

**17. Inventories**

Description	2025
	Kshs
Consumable stores	52,040.00
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>52,040.00</b>

**(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 institution 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 institution'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The institution'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 institution'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 institution'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 endeavored to bank with institutions that offer favorable interest rates.

**iv) Capital Risk Management**

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

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

Description	2025
	Kshs
Revaluation Reserve	
Retained Earnings	3,677,261.10
<b>Total Funds</b>	
Total Borrowings	
Less: Cash and Bank Balances	( 3,053,865.10 )
<b>Gearing</b>	

**6. Related Party Balances****Nature of related party relationships**

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

**County Government of Meru**

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

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

**Events After The Reporting Period**

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

**7. Currency**

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	<p>measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></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>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></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"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ol>

**ii. Early adoption of standards**

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

**c) Taxes*****Current income tax***

The entity is exempt from paying taxes.

***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 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 institution expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the institution 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 institution 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 institution 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 institution 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 institution 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 institution.

**l) Provisions**

Provisions are recognized when the institution 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 institution 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 institution 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 institution 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

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

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

#### **q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair

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

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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 institution 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 institution 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 institution 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 institution 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.

#### **v) Comparative figures**

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

#### **w) 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 institution 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 institution.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Provisions**

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

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).*

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**1. Transfers from the County Government**

Description	2024-2025
	Kshs
<b>Unconditional Grants</b>	
Capitation Grants	3,750,000.00
Operational Grant	
Unconditional Development grants	-
Other Grants	-
<b>Total unconditional Grants</b>	<b>3,750,000.00</b>
<b>Conditional Grants amortised/ recognised in revenue</b>	
Library Grant	-
Hostels Grant	-
Administration Block Grant	-
Laboratory Grant	-
Learning Facilities Grant	-
Other Organizational Grants	-
<b>Total Government Grants and Subsidies</b>	<b>3,750,000.00</b>

**(b) Transfers from County Government (Categorized)**

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
County Department for EDUCATION	3,750,000			3,750,000	
<b>Total</b>	<b>3,750,000</b>			<b>3,750,000</b>	

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****2. Fees from students**

Description	2024-2025
	Kshs
Tuition Fees	5,711,538.00
Activity Fees	1,180.00
Industrial Attachment Fees	15,000.00
Examination Fees	338,850.00
Library Fees	-
Facilities And Materials	-
Registration Fees	-
Others ( <i>Specify</i> )	-
<b>Total Fees from students</b>	<b>6,066,568.00</b>

**3. Sale of Goods**

Description	2024-2025
	Kshs
Unconditional Grants	
Capitation Grants	3,750,000.00
Operational Grants	
Unconditional Development Grants	-
Other Grants	-
<b>Total Unconditional Grants</b>	<b>3,750,000.00</b>
<b>Conditional Grants Amortised/ Recognized In Revenue</b>	
<b>Total Government Grants And Subsidies</b>	<b>3,750,000.00</b>

*Disclosure :**i. Sale of produce amounting to Kshs. 37,572.2 includes income from sale of potatoes and milk**ii. Kshs 85,300 from sale of desks prepared by the trainees .*

**4. Rental revenue from facilities and equipment**

Description	2024-2025
	Kshs
Hire of Facilities and Equipment	29,000.00
Contingent Rentals	-
Operating Lease Revenue	-
<b>Total</b>	<b>29,000.00</b>

Disclosure :

- iii. Kshs 29,000 income from hall hire.

**5. Miscellaneous Income**

Description	2024-2025
	Kshs
Insurance recoveries	
Bad debts recovered	-
Income written back	-
Miscellaneous income ( <i>specify</i> ) Catering services	113,793.00
<b>Total other income</b>	<b>113,793.00</b>

Disclosure:

- iv. Kshs. 113,793 refers to catering services offered by the institution.

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****6. Use of Goods and Services**

Description	2024-2025
	Kshs
Teaching and learning materials	2,019,496.00
Industrial attachment costs	-
Electricity	217,867.00
Water	-
Security	-
Professional and consultancy services	-
Subscriptions	-
Advertising	94,000.00
Examination fees	1,501,850.00
Audit fees	-
Catering, conferences, and delegations(Hostel)	2,523,290.00
Travelling and accommodation	150,750.00
Fuel and oil	-
Insurance	30,750.00
Postage	23,175.00
Printing and stationery	290,500.00
Skills development levies	141,100.00
Telephone expenses	-
Internet expenses	67,000.00
Training expenses	196,600.00
Other ( <i>specify</i> )	-
Co-curricular activities	23,000.00
Medical expenses	45,020.00
Animal feeds	77,050.00
Animal treatment	27,250.00
Seeds	17,500.00
Bank Charges	17,789.32
<b>Total good and services</b>	<b>7,463,987.32</b>

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**7. Employee Costs**

Description	2024-2025
	Kshs
Salaries and wages	2,066,394.00
Employee related costs - contributions to pensions and medical aids	81,540.00
Travel, motor car, accommodation, subsistence and other allowances	
Housing benefits and allowances	
Overtime payments	
Social contributions	500.00
<b>Employee Costs</b>	<b>2,148,434.00</b>

**8. Board Expenses**

Description	2024-2025
	Kshs
Chairman's Honoraria	-
Directors Emoluments	
Other Allowances	126,000.00
Other Board Expenses	339,100.00
<b>Total</b>	<b>465,100.00</b>

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****9. Depreciation and Amortization expense**

Description	2025
	Kshs
Property, plant and equipment	0
Intangible assets	0
Investment property carried at cost	0
<b>Total depreciation &amp; amortization Expense</b>	

**10. Repairs and Maintenance**

Description	2025
	Kshs
Property	
Investment property – earning rentals	-
Equipment and machinery	124,600.00
<b>Total Repairs and Maintenance</b>	<b>124,600.00</b>

**12. Cash and Cash Equivalents****12 (a). Detailed Analysis of Cash and Cash Equivalents**

Financial Institution	Account number	2025	2024
		Kshs	Kshs
<b>a) Current Account</b>			
Capital Sacco(Fees)	100113183100	332,792.25	
Equity Bank (Exam)	140294509214	356,131.05	
Kenya Commercial Bank KCB(operations)	1103252151	175,233.50	
Kenya Commercial Bank KCB(Grant)	1234160668	2,189,708.30	
<b>Sub- Total</b>		<b>3,053,865.10</b>	<b>0</b>

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

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**14. Inventories**

Description	2025	2024
	Kshs	Kshs
Consumable stores	52,040.00	0
Maintenance stores	0	0
Health Unit stores	0	0
Electrical stores	0	0
Cleaning Materials stores	0	0
Catering stores	0	0
Less: Impairment allowance	0	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>52,040.00</b>	<b>0</b>

**GITHONGO VTC****Annual Report and Financial Statements for the year ended 30th June 2025****Appendix II: Projects Implemented by (GITHONGO VTC)****Projects**

Projects implemented by the GITHONGO VTC Funded by development partners.

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

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

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

### Financial Risk Management

The institution's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The institution'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 institution does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

#### (i) Credit risk

The institution 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024 (previous year)</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	351,580			
Receivables from non-exchange transactions				

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Bank balances	3,053,865.10			
<b>Total</b>	<b>3,405,445.10</b>			

**(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 institution 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 institution 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 institution'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 institution'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 institution'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 institution'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.

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### iv) Capital Risk Management

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

Description	2025	2024
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings	3,667,261.10	
Capital Reserve	0	
<b>Total Funds</b>		
Total Borrowings		
Less: Cash and Bank Balances	(3,053,865.10)	0
Net Debt/(Excess Cash and Cash Equivalents)		0
<b>Gearing</b>		0

### 6. Related Party Balances

#### Nature of related party relationships

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

#### County Government of Meru

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

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

#### Events After The Reporting Period

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

### 7. Currency

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