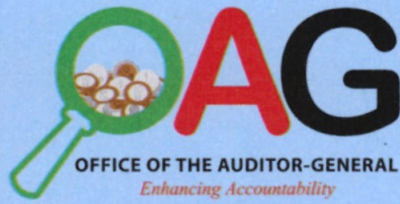


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	
DATE: 05 MAR 2026	DAY: Thursday
TABLED BY:	Hon. Owen Baya, mp
CLERK AT THE TABLE:	Deputy leader of Majority Party A. Shibukeyo

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

ATHWANA VOCATIONAL
TRAINING CENTER

FOR THE YEAR ENDED
30 JUNE, 2025



ATHWANA VOCATIONAL TRAINING CENTER

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

ATHWANA VTC

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

Table of Contents

1.	Acronyms, Abbreviations, and Definition of Key Terms	ii
2.	Key Entity Information and Management	iii
3.	The Board of Management.....	vi
4.	Key Management Team.....	viii
5.	Chairman's Statement.....	ix
6.	Report of the Principal/Manager	x
7.	Statement of Performance against Predetermined Objectives.....	xi
8.	Corporate Governance Statement.....	xii
9.	Management Discussion and Analysis	xv
10.	Environmental And Sustainability Reporting Statement	xvi
11.	Report of the Board of Management.....	xvii
12.	Statement of Board of Management Responsibilities	xviii
13.	Report of the Independent Auditor (<i>Specify entity name</i>)	xix
14.	Statement of Financial Performance For The Year Ended 30 June 2025	1
15.	Statement of Financial Position As At 30th June 2025.....	2
16.	Statement of Changes in Net Assets For The Year Ended 30 June 2025.....	3
17.	Statement of Cash Flows For The Year Ended 30 June 2025	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025.....	5
19.	Notes to the Financial Statements.....	6
20.	Appendices	27

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

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
VETO	Vocational Education Training Officer
CEC(M)	County Executive Committee Member

ATHWANA VTC

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

2. Key Entity Information and Management

(a) **Principal Activities**

The principal activity of the entity is to offer the following technical education courses:

- ✓ Fashion and design and Garment making
- ✓ Building and construction technology

Our **mission** is to train artisans to attain relevant technical and life skills and right attitude and values.

(b) **Key Management**

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

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

(c) **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	- Cyrus Wachira
2.	Deputy Principal/Assistant Manager	- Jack Kiunga

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

Key Entity Information and Management (Continued)

(d) Entity Headquarters

ATHWANA VOCATIONAL TRAINING CENTRE
P.O. Box 71-60607
MIKINDURI
MERU, KENYA

(e) Entity Contacts

Telephone: (254) 721298581

(f) Entity Bankers

CAPITATION ACCOUNT

Kenya Commercial Bank
Account no: 1234382075
Meru Branch

GENERAL OPERATIONS ACCOUNT

Dhabiti Sacco Society Limited
Account No: 202-032209-1-03-00
Mikinduri Branch

(g) Independent Auditors

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

ATHWANA VTC

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

Key Entity Information and Management (Continued)

(h) Principal Legal Adviser

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

County Attorney
P.O BOX 120-60200
Meru

ATHWANA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****3. The Board of Management****1. THE BOARD OF MANAGEMENT**

<i>Member/ Director</i>	<i>Details</i>
 Name: Benjamin Mujuri Profession: Retired Principal Academic: Degree	Date of birth: 1959 Qualification: Degree Position in BOG: Chairperson BOG
 Name: Emily Wanja Profession: Researcher Academic: Masters	Date of birth: 1984 Qualification: Masters Position in BOG: Vice chairperson BOG
 Name: Cyrus Wachira Profession: IT Instructor	Date of birth: 1977 Qualification: Diploma Position in BOG: Secretary BOG
 Name: Fridah Mwari Profession: Business woman Academic: Diploma	Date of birth: 1991 Qualification: Diploma Position in BOG: Member

ATHWANA VTC

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

 Name: Jane Kinyua Profession: Retired Nurse Academic: Diploma	Date of birth: 1960 Qualification: Diploma Position in BOG: Member
 Name: Samuel Kamau Profession: Businessman Academic: Degree	Date of birth: 1978 Qualification: Degree Position in BOG: Executive Member
 Name: Patrick Mung'athia Profession: Businessman Academic: KCSE	Date of birth: 1978 Qualification: KCSE Position in BOG: Executive Member
 Name: Festus Micubu Profession: Pastor Academic: KCS	Date of birth: 1977 Qualification: KCSE Position in BOG: Member

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

4. Key Management Team

<i>S/NO :</i>	<i>DESIGNATION</i>	<i>NAME</i>
<i>1.</i>	Manager	<i>Cyrus Wachira</i>
<i>2.</i>	Deputy Manager	<i>Jack Kiunga</i>

ATHWANA VTC

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

5. Chairman's Statement

It gives me immense pleasure to stand before you today as the Chairman of Athwana Vocational Training Center. This institution was founded with a vision – to empower individuals with practical skills, industry knowledge, and the confidence to shape their own future.

In today's world, education is not limited to books; it is about hands-on learning, adaptability, and preparing our youth to meet the demands of an ever-changing job market. At Athwana, we are committed to providing high-quality vocational training in areas that not only build careers but also contribute to the growth of our community and nation.

I would like to express my heartfelt gratitude to our trainers and staff who work tirelessly to ensure that every student receives the best guidance. To our students, I say – take full advantage of the opportunities here. Remember, skills are the keys to independence, innovation, and success.

As we move forward, our focus will remain on expanding programs, introducing new technologies, and collaborating with industries to ensure that our trainees are always a step ahead. Together, we can turn Athwana Vocational Training Center into a hub of excellence and opportunity.

Thank you for your support and belief in our mission. Let us continue to work hand in hand to empower minds and transform lives.

Name: BENJAMIN MUNJURI

Signature

MUNJURI BENJAMIN

BOG CHAIRMAN

03/12/2025

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

6. Report of the Manager

It is a matter of great pride for me to stand before you today as the principal of Athwana Vocational Training Center. Our institution was established with a clear vision – to empower individuals with skills that open doors to employment, entrepreneurship, and self-reliance. In today's world, education is not just about academics; it's about being industry-ready, and that is exactly what we strive to achieve here.

Over the years, our center has trained many young minds in various trades such as – e.g., tailoring, electrical, computer skills, carpentry, beauty and welding etc. These skills are not just qualifications; they are life tools that give our students confidence and independence.

I want to take this opportunity to thank our dedicated trainers and staff who work tirelessly to ensure quality learning. I also congratulate our students, who are the true ambassadors of Athwana Vocational Training Center. Your hard work and determination are what make this institution stand out.

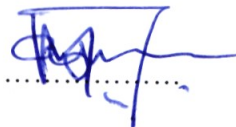
Looking ahead, we plan to expand our programs, introduce new technologies, and collaborate with industries to provide even better career opportunities. We believe that skill development is the backbone of a strong economy, and we are proud to contribute to that mission.

To all our students – remember, skill is power, and power brings change. Keep learning, keep growing, and use your knowledge to create a better future for yourself and your community.

Thank you.”

Name: CYRUS WACHIRA

Signature



MANAGER- ATHWANA VTC

ATHWANA VTC

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

7. Statement of Performance against Predetermined Objectives

In this period the Vocational Centre has managed to procure training materials in various departments.

Athwana VTC has strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024 - FY 2025. These strategic pillars are as follows:

Pillar 1: To increase enrolment to 120 trainees

Pillar 2: To collect 100% of school fees.

Pillar 3: To complete the incomplete buildings

Pillar 5: To complete rehabilitation and improvement of the old dormitories

Pillar 6: To purchase a mini bus

Pillar 7: To construct administration block

8. Corporate Governance Statement

- i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter

A nomination panel shall be constituted by the VETO at least three (3) months before the expiry of the life of the existing board.

The nomination panel shall identify and forward nine (9) names of nominees for the appointment by the CEC(M) from persons under the following categories:

- i) Two representatives from the Religious Entity. In case the VTC has no Religious Entity, then a representative of the Sub-County Education Board will nominate.
- ii) Two representatives from the community in which the VTC is situated. The representatives should be persons of integrity capable of articulating VTC issues to the community and solicit for their support.
- iii) Two youth leaders (a male and a female) representing the interests of the youth.
- iv) One representative of the persons with special needs. The person should preferably be with special needs or conversant with the needs of people with disabilities, particularly learners.
- v) One person representing the local jua kali or industry and commerce sector. Such representative should be able to facilitate linkages between the VTC and the local jua kali or industry and commerce sector particularly on attachment.
- vi) One person representing special interest. The person should preferably possess certain skills which can be beneficial to the operation and well-being of the VTC.

In identifying the (9) nominees, the nomination panel will be required to ensure no single gender shall constitute more than two thirds of the total number of the Board of Governors. Persons appointed to the board should be people who have keen interest in promoting the youth by developing their skills and talents.

The VETO should convene a nomination panel consultative meeting within fourteen (14) days after constituting the panel. During this meeting, the panel members should be briefed on the nomination process including the categories of persons they are expected to nominate as Vocational Training Centres Boards of Governors as prescribed in part

The VETO should convene a Vocational Training Centres Board of Governors nomination panel meeting after the expiry of the thirty (30) days given to panel members.

The meeting should discuss the different proposed names and nominates the list of people to be appointed as members of Vocational Training Centres Board of Governors.

The VETO should submit to the CEC (M) within the fourteen (14) days after the BOG nomination panel meeting, the list of people to be appointed as members of Vocational Training Centres Board of Governors. The list should be accompanied with the minutes of the nomination panel meeting and the Curriculum Vitae of the nominated members.

Members of the Vocational Training Centres Board of Governors shall be appointed in writing by the CEC (M) in charge of Education and Technology.

Members appointed to the board shall confirm their acceptance in writing to the CEC (M) within fourteen (14) days.

ii. Roles and functions of the board

- (a) Promote the best interests of the Institution and ensure its development,
- (b) Promote quality education and training for all trainees in accordance with the set standards,
- (C) Develop a strategic plan for the institution,
- (d) Provide proper and adequate physical facilities for the institution,
- (e) Create an enabling environment for the institution's manager/principal, instructors and other staff of the institution in the performance of their professional duties,
- (f) Manage all affairs of the Institution in the accordance with the laid down procedures,
- (g) Advise the Department on the staffing needs of the institution,
- (g) Make recommendations for appointment of instructors at the institution,
- (h) Recruit, employ and remunerate such number of instructors as may be required by the Institution subject to the provisions of the law,
- (I) In consultation with the Quality Assurance and Standards Officers, ensure effective curriculum implementation and delivery,
- (j) Ensure the trainees are presented for examination and assessments,
- (k) Prepare annual estimates of revenues and expenditure for the institution and incur expenditure on behalf of the institution,
- (L) Receive, on behalf of the institution: - Fees, grants, subscriptions, donations or other monies and to make payments to the Institution or other bodies or persons in accordance to the relevant law,
- (m) Mobilize resources for the purposes of the institution subject to the provisions of the Public Financial Management Act, 2012, and any other relevant laws,
- (n) Enter into association with other local or international training institutions in the interests of the institution with the approval of the relevant authority,
- (o) Continuously monitor instructors in terms of curriculum implementation and delivery conduct of examinations and assessments in the institution,
- (p) Adopt a code of conduct for the staff and trainees, determines cases of discipline and make reports to the Department of Education and Technology,
- (q) Prepare a comprehensive annual report on all areas of its mandate including education, training and research services and submit the same to the Department,
- (r) Provide for the welfare and safety of the staff and trainees at the Institution,
- (s) Facilitate and ensure the provision of guidance and counselling to all trainees,
- (t) Encourage the community, parents, trainees, staffs and other stakeholders to render voluntary services to the Institutions,
- (u) Upon request, approve the use of the Institutional facilities for educational, training and research programmes not conducted by the institution either for free or on hire.
- (v) Recruit, employ and remunerate such number of non-teaching staff as may be required by the institution in accordance with the Employment Act, and
- (w) Perform any other function to facilitate the implementation of its functions under these guidelines or any other written law.

iii. Induction, training, and development

- The board members attend a capacity building before their term begins.

iv. Board and members performance

The composition of boards of management members shall be as follows:

ATHWANA VTC

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

1. Two (2) persons nominated by the Religious Entity/SCEB affiliated with the Vocational Training Centre.
 2. Two (2) persons representing the community in which the VTC is situated.
 3. Two (2) youths; one MALE and FEMALE.
 4. One (1) person representing people with special needs.
 5. One (1) person representing the jua kali or industry and commerce sector.
 6. One (1) person representing special interests.
 7. Three persons (3) co-opted to the Board during the first BOG's meeting. These members will be drawn from the parents' instructors Association (PIA).
 8. Vocational Education and Training Officer as an ex-officio Board member.
 9. The VTC manager who is the secretary to the board.
- v. Number of Board meetings held and the attendance to those meetings by members
- The board shall hold not less than three (3) ordinary meetings each year. The quorum at any meeting shall be two thirds (2/3). Questions before the Board shall be decided by the votes of the majority members present and voting.
- vi. Succession plan
- They prepare the strategic plan which guides the development of the institution
- vii. Board remuneration
- Remuneration of board is allowance they get when they have a meeting.
- viii. Terms of Reference of Committees
- i) The term of office for the board is three (3) years and is eligible for re-appointment for one more term.
 - ii) The board shall hold not less than three (3) ordinary meetings each year. The quorum at any meeting shall be two thirds (2/3). Questions before the Board shall be decided by the votes of the majority members present and voting.
 - iii) The chairperson may convene a special meeting of the full board at any time and may do so at the request of the Vocational Education and Training Officer.
 - iv) The board may invite government officers or other persons when need arises. Such persons will attend as ex-officio/in attendance without any voting powers.
 - v) In the absence of the chairperson, the vice-chairperson shall be the chairperson for that particular meeting only.
 - vi) Any member who is absent without apologies for three (3) consecutive meetings of the board shall be required to resign or shall be deemed to have ceased from being a board member.
 - vii) Any vacancy occasioned by the resignation or death of a board member shall be filled by the entity responsible for his/her nomination and will hold office for the remaining term.

ATHWANA VTC

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

9. Management Discussion and Analysis

The BOG of the vocational has been very supportive to the management and has fully performed its oversight role in whole.

CHALLENGES:

The Vocational centre experienced a number of challenges as follows:

- ✓ In adequate infrastructures.
- ✓ Lack of adequate trainers.
- ✓ Delayed subsidized grants which cater for tuitions.
- ✓ Poor fees payments where by majority of trainees are from humble background.
- ✓ Under staffing where a trainer is entitled to train both 1st years and 2nd years respectively.
- ✓ Lack of modern equipments and fully equipped workshops which matches the market demands.

10. Environmental And Sustainability Reporting Statement

i. Sustainability strategy and profile

At Athwana Vocational Centre, sustainability is not just a policy—it's a principle that guides our operations, curriculum, and community engagement. Our strategy is built on three pillars: environmental stewardship, social responsibility, and economic resilience.

ii. Environmental performance

Ithima vocational training centre is committed to reducing its impact on the environment. We strive to improve our environmental perform. Our commitment is to

1. Comply with all applicable environmental regulations.
2. Prevent pollution whenever possible.

iii. Employee welfare

The vocational has the following procedure of hiring employees. The board identifies the vacancies by analysis of the key responsibilities and duties that ought to be done and the staff are not available or adequate. The board then advertises for the position and invites qualified candidates to apply. On applications, shortlisting of done. Qualified persons are contacted to attend interviews through telephone calls. The panel engages all interviewees and allocates mark as per the score sheet. The panel the discuss the scores and averages for the best candidates to be approved. Once staff are engaged, they are taken through orientation where the responsibilities are outlined.

iv. Marketplace practices

The organization should outline its efforts to:

a) Responsible competition practice.

The vocational has a charter that controls flow of events and organisation structure.

b) Responsible Supply chain and supplier relations

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

Following procurement procedures and paying the suppliers in time.

d) Product stewardship or Awareness creation

Submitting the statutory deductions as per law

v. Corporate Social Responsibility / Community Engagements

The vocational embarked on the following CSR activities within the year.

Offering free services to the community

ATHWANA VTC

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

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 Athwana VTC affairs.

Principal activities

The principal activities of the entity are

- a) To conduct training at tertiary level in vocational training centre
- b) To foster linkages with industry for promotion of quality and relevant training
- c) To undertake income generating activities

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 viii & ix during the year there has been no change in the board of governors.

Auditors

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

By Order of the Board



.....
Secretary of the Board

Date: 3/12/2025.

ATHWANA VTC

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

12. Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 and (*entities should quote the applicable legislation under which they are regulated*) require the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Board of Management are also responsible for safeguarding the assets of the *entity*.

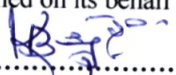
The Board of Management are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining 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 *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accept responsibility for the *entity's* 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 (*entities should quote applicable legislation as indicated under*). The Board of Management are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal/Manager has assessed the *entity's* ability to continue as a going concern (*disclose as applicable, matters relating to the use of going concern basis of preparation of the financial statements*). Nothing has come to the attention of the Board of Management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Athwana VTC financial statements were approved by the Board on 31/12/2025 and signed on its behalf by:



Name MUVIRI BENJAMIN
Chairperson of the Board

03/12/2025



Name Cyrus Wachira
Principal/Manager

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ATHWANA VOCATIONAL TRAINING CENTER FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Athwana Vocational Training Center set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 Athwana Vocational Training Center 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. Undisclosed Assets

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

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

2. Unsupported and Unreconciled Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,392,987 held in two commercial bank accounts as disclosed in Note 12 to the financial statements. However, the bank balances were not supported by cash books, bank certificates and bank reconciliation statements.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.1,392,987 could not be confirmed.

3. Unsupported Financial Statement Amounts and Balances

The statement of financial performance reflects total expenses amount of Kshs.2,041,021. However, supporting schedules and documentation were not provided for audit. In addition, the statement of financial position reflects current portion of

receivables from exchange transactions balance of Kshs.405,772 whose supporting documents and schedules have also not been provided for audit.

In the circumstances, the accuracy and completeness of total expenses amount of Kshs.2,041,021 and current portion of receivables from exchange transactions balance of Kshs.405,772 could not be confirmed.

4. Inaccuracies in Capitation Grants

The statement of financial performance reflects transfers from the County Government amount of Kshs.1,473,000 as disclosed in Note 6 to the financial statements. However, review of the capitation disbursements made to the Centre by the County Government of Meru revealed an amount of Kshs.1,353,000, resulting to an unexplained variance of Kshs.120,000

In the circumstances, the accuracy and completeness of transfers from the County Government amount of Kshs.1,473,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.4,488,000 and Kshs.2,762,600 respectively, resulting to an under-funding of Kshs.1,725,400 or 38% of the budget. However, the Centre expended an amount of Kshs.2,041,021 against actual receipts of Kshs.2,762,600, resulting to an under-utilization of Kshs.721,579 or 26% of actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to report in the year under review.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of a Procurement Plan

The statement of financial performance reflects an amount of Kshs.2,762,600 and Kshs.2,041,021 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

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

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

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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

Lack ICT Policy, Disaster Recovery Plan and Risk Management Policy

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

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

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

ATHWANA VTC

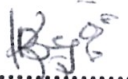
Annual Report and Financial Statements for the year ended 30th June 2025

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

	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	1,473,000
		1,473,000
Revenue from Exchange transactions		
Fees from students	7	1,289,600
Revenue from Exchange transactions		1,289,600
Total Revenue		2,762,600
Expenses		
Use of goods and services	8	1,586,511
Employee costs	9	394,000
Board Expenses	10	47,400
Repairs and maintenance	11	13,110
Total Expenses		2,041,021
Net surplus/(deficit) for the year		721,579

(The notes set out on pages 19 to 23 form an integral part of the Annual Financial Statements).

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



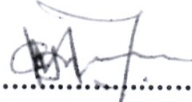
 Name **MURIUKI**
 Chairman of Board

Date **03/12/2025**



 Name
 Accountant: Faithjolly
 Muriuki
 ICPAK No: 15812

Date **03/12/2025**



 Name **Cyrus Wachira**
 Principal/Manager

Date **3/12/2025**

ATHWANA 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	FY 2024/2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	12	1,392,988
Current portion of receivables from exchange transactions	13(a)	405,772
Total Current Assets		1,798,760
Total Assets (A)		1,798,760
Liabilities		
Total Liabilities (B)		-
Net Assets (A-B)		1,798,760
Represented By:		
Accumulated Surplus		1,798,760
Capital Fund		-
Total Net Assets		1,798,760

The Financial Statements set out on page 2 were signed by:


 Name

Chairman of Board

MUJURI BENJAMIN

Date

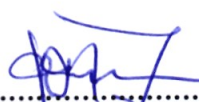
03/12/2025


 Name

Accountant: Faithjolly Muriuki
 ICPAK No: 15812

Date

03/12/25


 Name
 Principal/Manager

Date

3/12/2025

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

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

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2024 (<i>current year</i>)	-	1,077,181	-	721,579
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	721,579	-	721,579
Capital grants received during the year	-	-	-	-
At June 30, 2025	-	1,798,760	-	1,798,760

ATHWANA 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	Note	FY 2024/2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government		1,473,000
Fees from students		883,828
Total Receipts		2,356,828
Payments		
Use of goods and services		1,586,511
Employee costs		394,000
Board Expenses		47,400
Repairs and maintenance		13,110
Total Payments		2,041,021
Net Cash Flows from operating activities	14	315,807
Cash flows from investing activities		
Purchase of property, plant, and equipment		-
Purchase of intangible assets		-
Proceeds from the sale of property, plant, and equipment		-
Net cash flows used in investing activities		-
Cash flows from financing activities		
Proceeds From Borrowing		-
Repayment of Borrowings		-
Net cash flows used in financing activities		-
Net Increase/(Decrease) in Cash and Cash equivalents		315,807
Cash & Cash equivalents at the beginning (1 st July)		1,077,180
Cash & Cash equivalents at the end. (30 th June)	12	1,392,987

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%
Budget carryovers from the previous year*	-		-	-	-	
Receipts						
Transfers from County Government	1,353,000	-	1,353,000	1,473,000	(120,000)	109%
Fees from students	3,135,000	-	3,135,000	1,289,600	1,854,400	41%
Total Receipts	4,488,000	-	4,488,000	2,762,600	1,725,400	62%
Payments						
Use of goods and services	3,555,500	-	3,555,500	1,586,511	1,968,989	45%
Employee costs	500,500	-	500,500	394,000	106,500	79%
Board Expenses	200,000	-	200,000	47,400	152,600	24%
Repairs and maintenance	232,000	-	232,000	13,110	218,890	6%
Total Expenditure	4,488,000	-	4,488,000	2,041,021	2,446,979	45%
Capital Expenditure payments						
Surplus	-	-	-	721,579	(721,579)	-

19. Notes to the Financial Statements

1. General Information

Athwana VTC entity is established by and derives its authority and accountability from VTC Act. The entity is wholly owned by the County Government of Meru and domiciled in Tigania East sub-county. **The entity's principal activity is** instilling vocational skills to the youth.

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 *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 19. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

Standard	Effective date and impact:
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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

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

j) Financial instruments

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

Financial assets**Classification**

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

ATHWANA VTC

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Social Benefits

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits**Retirement benefit plans**

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

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.

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

s) Service concession arrangements

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

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

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

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).

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

Description	FY 2024/2025
	Kshs
Unconditional Grants	
Capitation Grants	1,353,000
Operational Grant	
Unconditional Development grants	
Other Grants	120,000
Total unconditional Grants	1,473,000
Conditional Grants amortised/ recognised in revenue	
Library Grant	-
Hostels Grant	-
Administration Block Grant	-
Laboratory Grant	-
Learning Facilities Grant	-
Other Organizational Grants	-
Total Government Grants and Subsidies	1,473,000

(b)Transfers from County Government (Categorized)

COUNTY GOVERNMENT OF MERU	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	FY 2024/2025
	Kshs	Kshs	Kshs	Kshs	Kshs
County Department for Education	1,473,000	-	-	-	-
Total	1,473,000	-	-	1,473,000	-

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

7. Fees from students

Description	FY 2024/2025
	Kshs
Tuition Fees	863,700
Examination Fees	151,200
Registration Fees	274,700
Total Fees from students	1,289,600

ATHWANA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****8. Use of Goods and Services**

Description	FY 2024/2025
	Kshs
Teaching and learning materials	787,584
Industrial attachment costs	10,000
Electricity	55,500
Water	18,000
Advertising	1,000
Examination fees	167,650
Catering, conferences, and delegations	319,930
Travelling and accommodation	124,000
Printing and stationery	14,210
Internet expenses	25,500
Training expenses	17,550
General Expenses	45,587
Total good and services	1,586,511

9. Employee Costs

Description	FY 2024/2025
	Kshs
Salaries and wages	394,000
Employee Costs	394,000

10. Board Expenses

Description	FY 2024/2025
	Kshs
Chairman's Honoraria	-
Directors Emoluments	-
Other Allowances	47,400.00
Other Board Expenses	-
Total	47,400

11. Repairs and Maintenance

Description	FY 2024/2025
	Kshs
Equipment and machinery	13,110
Total Repairs and Maintenance	13,110

12. Cash and Cash Equivalents

Description	FY 2024/2025
	Kshs
Current Account	1,392,988
Total Cash and Cash Equivalents	1,392,988

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

Financial Institution	Account number	FY 2024/2025
		Kshs
a) Current Account		
Kenya Commercial Bank	1234382075	1,376,872
Dhabiti Sacco Society Ltd	202-032209-1-03-00	16,116
Sub- Total		1,392,988
Grand Total		1,392,988

13. Receivables from Exchange transactions**13(a) Current Receivables from Exchange transactions**

Description	FY 2024/2025
	Kshs
Current Receivables	
Student Debtors	405,772
Total Current Receivables	405,772

13 (b) Ageing Analysis of Receivables from Exchange Transactions

Description	FY 2024/2025	
	Kshs	
	FY 2024/2025	% of the total
Less than 1 year	405,772	100%
Between 1- 2 years	-	
Between 2-3 years	-	
Over 3 years	-	
Total (a+b)	405,772	

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

14. Cash generated from operations.

	FY 2024/2025
	Kshs
Surplus/(Deficit) for the year	721,579
Adjusted for:	
Depreciation	-
Non-Cash grants received	-
Contributed assets	-
Impairment	-
Gains and Losses on Disposal of Assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Finance Income	-
Finance Cost	-
Working Capital Adjustments	
Increase in Inventory	-
Increase in Receivables	-
Increase in Deferred Income	-
Increase in Payables	-
Increase in Payments received in advance	-
Net Cash Flow from Operating Activities	721,579

15. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables from exchange transactions	405,772	405,772	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	1,392,988	1,392,988	-	-
Total	1,798,760	1,798,760	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Market risk

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

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

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

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

a) Interest rate risk

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

Management of interest rate risk

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

16. 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 Athwana 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;

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

The transactions and balances with related parties during the year are as follows:

Description	FY 2024/2025
	Kshs
Transactions with Related Parties	
a) Grants /Transfers from the Government	
Grants from County Government	1,473,000.00
Total	1,473,000.00
b) Key Management Compensation	
Board of Management emoluments	47,400.00
Total	47,400.00

17. Events After The Reporting Period

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

18. Currency

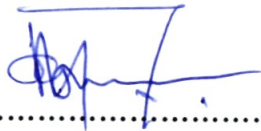
The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The entity is reporting for the first time thus no previous audit queries.



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Name

Cyrus Wachira

Principal/Manager

ATHWANA VTC

Date

31/12/2025

ATHWANA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****Appendix III- Inter-Entity Confirmation Letter**

Name of transferring entity: County Government of Meru

Name of beneficiary entity: Athwana VTC

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)				
Reference Number	Date Disbursed	Recurrent (A)	Total (C)=(A+B)	Remarks
	26-FEB-2025	750,000	750,000	
	26-FEB-2025	603,000	603,000	
Total		1,353,000.00	1,353,000.00	

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

Head of Accounts Department - Disbursing Entity:

Name Douglas Kobia Domiziano Sign [Signature] Date 2/12/2025

Head of Accounts Department - Beneficiary Entity:

Name Cyrus Wairimu Sign [Signature] Date 3/12/2025

