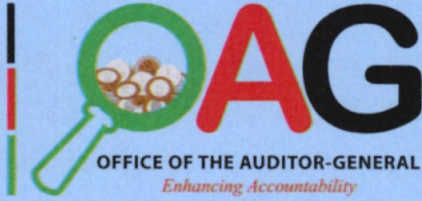


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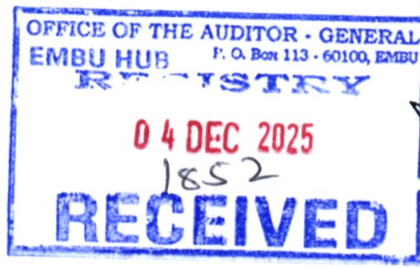
THE AUDITOR-GENERAL

ON

**GITUGU VOCATIONAL
TRAINING CENTER**

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

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



GITUGU VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2025

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

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



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

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GITUGU VOCATIONAL TRAINING CENTRE
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1. Acronyms and Definition of Key Terms

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

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

2. Key VTC Information and Management

(a) Background information

Gitugu vocational training Centre was established way back in 2006 by the Methodist church of Kenya and the local community with an aim of imparting technical skills to the community for self-reliance. It started with first group of seven trainees, who trained in old church building of Gitugu Methodist church of Kenya in carpentry & joinery and dress making courses. The institution later relocated to three acres land donated by management of Kathurine primary school. It's currently adjacent to Kirima Assistant Chief Camp and Kathurine primary school.

(b) Principal Activities

The principal mandate of the VTC is to oversee proper training of manpower who are competent and innovative to meet matching need of industry and society and self-sustainability.

VISION: To be centre of excellence in provision of technical, vocational entrepreneurial and life skills to the youth in Kenya.

Mission: to empower youth with appropriate technical skills, knowledge and attitude to realise full potential for individual and national development

Core values: professionalism, team work, customer satisfaction integrity, transparency and accountability.

(c) Key Management

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

- Board of governors/ Management etc.
- Manager
- Management

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal/Manager	-EVAN MUCHIRA
2.	DEPUTY MANAGER	ALLAN KOOME
3.		
		-

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

Key VTC Information and Management (Continued)

(e) Fiduciary oversight arrangement.

SN.	Designation	Name
1.	Finance committee	County accountant
2.		Vocational training officer Imenti north
3.		Silas Mwongera—BOG chairman
4.		Allan Koome—deputy manager.

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

(f) VTC Headquarters

Gitugu VTC headquartes
P.O. Box 53-60200 Meru
Nairobi-Meru Highway

(g) VTC Contacts

Telephone: (254) 0727961921
E-mailgituguvtc@gmail.com

(h) VTC Bankers

Kenya commercial bank Meru branch
Tel no 064 20630
Address 20886-60200 Meru

(i) Independent Auditors

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

Key VTC Information and Management

(j) Principal Legal Adviser

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

GITUGU VTC

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

3. The Board of GOVERNORS

<i>Member/ Director</i>	<i>Details</i>
 Name: Silas Mwongera. Professional: Teacher Academic: Certificate,	Date of Birth: 26/9/1961 Qualification: PI Certificate Work Experience: 25 Years Position BoG: Chairperson
 Name :Evan Muchira Professional:Trainer Academic: Diploma	Date of Birth:30 TH /12/1999 Qualification: Diploma in Technical Education Work Experince:16 Years Position BoG Secretary
BoM Memer 3  Name:Nicholus Rimiri Professional:Businessman Academic: Certificate	Date of Birth 1980 Qualification:ECDE Certificate Work Experince:13 Years Position BoG: Third Signatory
 Name:Stanley Kaaria Professional:Administrator (chief) Academic: Certificate	Date of Birth :1963 Qualification : Craft Work Experience: 16 Years Position BoG : Vice Chairperson
 Name:Agnes Kanana Professional: Teacher Academic: Diploma	Date of Birth: 3/6/1989. Qualification: ECDE Diploma Work Experience: 16 Years Position BoG:Executive Member



GITUGU VOCATIONAL TRAINING CENTRE

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

 <p>Name: Timothy Muriithi. Professional: Teacher Academic: Diploma</p>	<p>Date of Birth :1/1/1963 Qualification : Diploma in Educational Management Work Experience: 30 Years Position BoG: Member</p>
 <p>Name: Henry Kaaria. Professional: Nurse Academic: Certificate</p>	<p>Date of Birth :4/12/1955 Qualification : Certificate in Nursing Work Experience: 27 Years Position BoG: Member</p>
 <p>Name: Jane Makena Professional: Business lady Academic: KCSE</p>	<p>Date of Birth :24/7/1982 Qualification: Business Work Experience: 16 Years Position BoG: Member</p>
 <p>Name: Silas Nthamburi Professional: Electrical Technician Academic: Craft in Electrical Technology</p>	<p>Date of Birth: 1/1/1974 Qualification: Craft in Electrical Technology Work Experience: 21 Years Position BoG: Member</p>

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

4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <p><i>Evan Muchira Simon manager</i></p>	<p><i>Provide strategic direction to achieve institutional objectives.</i></p> <ul style="list-style-type: none"> <i>-Accounting officer.</i> <i>-Coordinate institutional activities</i>
2.	 <p><i>Allan Seth Koome: Deputy manager</i></p>	<ul style="list-style-type: none"> <i>-Support in daily operations, supervising and guiding staff, managing resources and budgets.</i>

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

5. Chairman's Statement

I'm please to present the annual report and financial statement of Gitugu vocational training centre the financial year 2024/2025 which ended on 30th June 2025.

The financial year 2024/2025 the achievement realized were:-

- Increase in enrolment
- Improvement of institution infrastructures.
- Participation in annual ask show.
- Enhanced market strategy of the institution that has prompted rise in enrolment.

The financial year 2024/2025 the institution received capitation and bursary for the trainees. The funding has enabled the institution to retain the enrolment and also to improve some of the institution infrastructures. The funding has also facilitated of training materials necessary for training thus enabling trainees to be equipped with relevant skills.

Despite the achievement the institution has experience challenges throughout the financial year
-Implementing policies like training due to inconsistence funding and low funding both bursary and capitation.

-lack of key human resource in finance due to financial crisis.

-The review of capitation in vocational training centre has never been done since 2009 thus small amount per head.

Way forward is that:-

- National government to take charge of VTCs through proper financing which county government has neglected.
- Equip the VTCs with the necessary human resource to facilitate proper running of system.

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

6. Report of the Principal/Manager

I'm glad to present Gitugu VTC annual and financial statement for the year ended 30th June 2025 as per the requirement of Public Financial Management act 2021 and Public Audit Act, 2015.

a) Non-financial information

1. During the financial year under review the institution had following programmes namely:-

- i. Fashion Design and garment making technology
- ii. Electrical Technology
- iii. Hair Dressing
- iv. Building Technology
- v. Motor Vehicle technology
- vi. Information Communication Technology

2. STAFF ESTABLISHMENT

The institution had seven staff members five employed under county government and two under the Board of Governor.

3. TRAINEES POPULATION

The trainee's population during the financial year 2024/2025 for the given period total enrolment was 69. The population is expected to rise above the number, this is due to:-

- Rigorous marketing of institution programmes
- Collaboration with the local community and the administration of the area i.e. chiefs and assistant chiefs'.
- Improved training which matches the industry needs.

4. ACHIEVEMENTS.

- Electrical Installation in some of our workshops
- Refurbishment of office and computer lab tables.
- Construction of water tanks tables.

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

7. Statement of Performance against Predetermined Objectives

Gitugu Vocational Training Centre has 4 strategic pillars and objectives within current Strategic Plan for the FY 2024- FY 2025. These strategic pillars are as follows:

1. Pillar/ theme/issue 1: Increase and retaining the number of trainees in Gitugu VTC (government gives based on vote head) (Enrolment) (Curbing the rate of drop-out (completion rate by 80%)) (How - Create a friendly learning environment)
2. Pillar/ theme/ issue 2: To initiate and sustain income generating income in Gitugu VTC (rearing of dairy cow, maize and vegetable farming welding class, carpentry, garment making hair dressing, computer programs)
3. Pillar/ theme/ issue 3: Build accommodation spaces (in 1st year complete ongoing projects) (Infrastructure – at least 3)
4. Pillar/ theme/ issue 4: Introduce new programs and revamp existing programs to ensure quality and competent graduates (Welding, Electrical, Carpentry, Mechanical & Driving, Catering) (Functional ICT department)

Gitugu vocational training centre develops its annual work plans based on the above 4pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The VTC achieved its performance targets set for the FY 2024/25 period for its 4 strategic pillars, as indicated in the diagram

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar / theme / issue 1: Increase and retaining the number of trainees in Gitugu VTC.	1: Increasing and retaining the number of trainees in Gitugu VTC .	<ol style="list-style-type: none"> 1. Number of trainees registered 2. Number of trainees that register for the exams. 3. Advertising brochure 	<ol style="list-style-type: none"> (i) Advertising (print – brochures posters community leaders churches) (ii) Liaising with heads of the schools within the community. (Partnership) 	<ol style="list-style-type: none"> 1. List of registered trainees (Admission book, class registers) 2. List of registered trainees at the beginning and the end of the term(examination results every term)

GITUGU VOCATIONAL TRAINING CENTRE

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

Pillar 2: Establish income generating activities	Establishing income generating activities	Net revenue generated	<ol style="list-style-type: none"> 1. Making school uniforms + Clothes for sale 2. Hairdressing 3. Trees nursery 4. Short courses computer packages. 	Income generated per department
Pillar 3: Build accommodation spaces	Building accommodation spaces	<ol style="list-style-type: none"> 1. Installed Water tanks 2. Completed kitchen. 3. Electricity installed in workshops 	<ol style="list-style-type: none"> 1. Construction of water tanks platforms 2. Beautification of the compound 3. Improvement of existing workshops by painting and power installation. 	<u>Complete workshops</u> -Electrical wiring. -installed water tanks
Introduce new programs and revamp existing programs to ensure quality and competent graduates	Introducing new programs and revamping existing programs to ensure quality and competent graduates	<ol style="list-style-type: none"> 1. Able to generate income from the learning ventures 2. Increased numbers of trainees 3. Increased numbers of quality equipment 	<ol style="list-style-type: none"> 1. Using quality and Up-to-date equipment 2. Institution show day 	<ol style="list-style-type: none"> 1. Able to sell product produced 2. Sort after graduates

8. Corporate Governance Statement

Provide the corporate governance statement as guided below:

i. Appointment of Board members, The size,

The vocation education training officer (VETO) constitute a panel three months prior to expiry of the existing board. The nomination panel identify 9 names and forward them to CEC(M) for appointment and comprises of following categories:-

- a.) Two community
- b.) Two religious VTC.
- c.) Two youth male and female
- d.) One special need
- e.) One special interest
- f.) One from industry or Jua-kali sector.

Then VETO convene meeting with the nomination panel to discuss the nominated names who are then forwarded to CEC (M) for appointment. The member of board is appointed to board in writing by CEC (M) in charge of education by technology. The board comprise of 9 nominee members in various categories and the manager of the institution as the secretary then three co-opted members from parent instructors association and vocational education and training officer as (VETO officer) as ex officio.

ii. Roles and functions of the board

The board of governor is a body of people nominated by people and by the community and other stakeholders to guide and manage the affairs of the vocational training centre on behalf of the county executive committee member CEC (M). The board is entrusted by the community to be main decision make on all the management matter pertaining the institution.

The function of board of governor.

- Develop strategic plan.
- Promote interest of institution and ensure its development
- Provide adequate infrastructures
- Recruit employ and remunerate non-teaching staff.
- Approve the budget and oversight use of funds

iii. Induction, training, and development.

After appointment the county government induce and train the members on their roles in vocational training centre management

iv. Board and members performance

If a member fails to appear for meetings more than three times without a permission or valid reason he/she is removed from board. If the member does not perform the board can sit and remove him/her from board.

v. Number of Board meetings held and the attendance to those meetings by members

The number of meeting should not be less than 3 in year. The quorum of any meeting should be 2/3.

vi. Succession plan

A meeting which the vocational training officer chairs facilitate the succession of outgoing board members and incoming

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

- vii. *Policy to manage conflict of interest.***
We use guidelines provided by public procurement act on issue of conflict of interest
- viii. *Board remuneration***
The board is remunerated when there is a board meeting.
- ix. *Ethics and Conduct***
- x. *Governance audit***
It is the board of governor that audit and quarterly report is issued to county department of education
- xi. *Communication policy***
Communication is done vertically from acting manager to trainers and subordinate staff.
- xii. *Terms of Reference of Committees***
Various committees have been established who meet when a need arises and their meetings minutes are taken.
- xiii. *Policy on related party transactions***
A framework is in place which defines roles of every shareholder.

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

9. Management Discussion and Analysis

The BoG of the VTC has been very supportive to the management and has fully performed its oversight role in whole and through BoG committees. The BoG team is well constituted with the manager being the team leader, deputy manager, heads of various departments, head of guidance and counselling and the industrial liaison officer.

During the financial year the management has endeavoured to satisfy both legal and regulatory requirement as espoused in its mandate under the TVET act 2013, the education act 2013, PFM act 2012 and its regulations etc. our operations were smooth and undisturbed for the four quarters of the year

During the financial period we were able to do following project

Project name	Description	Total estimated cost kshs	
Electrical workshop power installation	Wiring and electrical installation	30,000	
Motor vehicle workshop power installation	Wiring and electrical installation	30,000	
3 Tanks platforms	Construction of the platforms	40,000	

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

10. Environmental and Sustainability Reporting Statement

Gitugu Vocational Training Centre exists to transform lives. This is our purpose, driving force behind everything we do. It is what guide us to deliver our strategy, which is founded on four pillars

i. Sustainability strategy and profile

Gitugu Vocational Training Centre is a learning organisation under the directorate of technical Vocational Education and Training. In her commitment to produce skilled manpower that fits in the job market, the institution has continued to comply with the ministry of education guidelines and policies. The institution has identified the potential of the community as key in realizing the growth of the institution the institution has therefore engaged the community through continuous sensitization on TVET courses and the support given by the government through capitation and bursary application. Further the institution has reached out to the stakeholders and the political leaders for support in all aspects in the running of the institution through attending church meetings, chiefs Barraza's and upholding fees payment through the CDF and programmes and *bursaries in all levels*

ii. Environmental performance

We strive to improve our environment performance over time and initiate additional activities that will further reduce our impact on the environment, our commitment is to:-

- Prevent pollution whenever possible.
- Train our staff on our environmental program and empower them to contribute and participate,
- Communicate our environmental commitment and effort to our customers and staff and community.
- Comply with environment regulations

So far we have planted over 500 trees.

Employee welfare

The institution has its process of hiring the employees once gap has been identify. The board advertises for the vacant position and invites the qualified candidate to apply. Qualified persons

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

are contacted for the interviews through telephone call. The panel engages the interviewee and allocate the marks. The qualified candidate once they report they are taken for orientation to familiarise with institution.

iv. Marketplace practices-

The organization should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti- corruption, responsible political involvement, fair competition-open tendering and respect for competitors

b) Responsible Supply chain and supplier relations-explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices

c) Responsible marketing and advertisement –outline effort to maintain ethical marketing practices

d) Product stewardship-outline effort to safeguard consumer right interest.

iii. Corporate Social Responsibility / Community Engagements

The VTC has embarked on offering free services to the community on the courses offered like hairdressing.

On behalf of management and staff, I take this opportunity to thank board of governor for support accorded to key management.

I also appreciate the government of Kenya for support towards getting capitation.

I thank staffs and trainees of Gitugu VTC for good cooperation during financial year 2024/2025.

GITUGU VOCATIONAL TRAINING CENTRE
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 the VTC affairs.

Principle activities

The principal activities of the VTC are

- Conduct training as per the TVET act.
- Foster linkage with industry and other institution for the promotion of quality and relevant training.
- Undertake income generating activities through production compliment the government grant and fees revenues.
- Promote entrepreneurial skills to both staff and trainees'
- Foster spiritual growth among community members both staff and trainees.
-

Results

The results of the VTC for the year ended 30th June 2025 are set out on page 1-32

Board of Management

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

Auditors

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

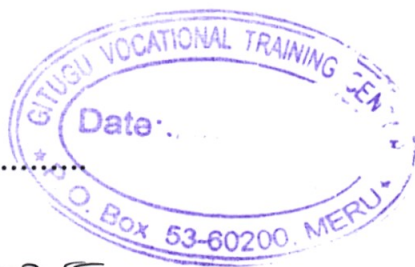
By Order of the Board

Evan Muehira



Secretary of the Board

Date: 29/8/2025.



12. Statement of Board of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 require the Board of Management to prepare financial statements in respect of that VTC, which give a true and fair view of the state of affairs of the VTC at the end of the financial year/period and the operating results of the VTC for that year/period. The Board of Management are also required to ensure that the VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the Gitugu VTC. The Board of Management are also responsible for safeguarding the assets of the VTC.

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

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

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

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

Approval of the financial statements

The Gitugu VTC financial statements were approved by the Board on 28/8 2025
and signed on its behalf by:

.....
Name **SILAS MWONGERA**
Chairperson of the Board

.....
Name **EVAN MUKHARA SIMON**
Principal/Manager

13. Report of the Independent Auditor

GITUGU VOCATIONAL TRAINING CENTRE



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 GITUGU VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the 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 Gitugu Vocational Training Centre set out on pages 1 to 27, which comprise of statement of financial position as at

Report of the Auditor-General on Gitugu Vocational Training Centre for the year ended 30 June, 2025

30 June, 2025, statement of financial performance, the 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 Gitugu 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. Inaccuracies in the Financial Statement

Review of the financial statements presented for audit revealed the following anomalies:

- i. Statement of comparison of budget and actual amounts reflects total actual receipts amount of Kshs.849,536. However, recast of the receipts results in a total of Kshs.819,536 resulting in an unexplained variance of Kshs.30,000.
- ii. The statement of comparison of budget and actual amounts reflects final budget amount of Kshs.100,000 whereas actual amount is of Kshs.30,000. However, the performance difference is documented as Kshs.120,000 resulting in an unexplained variance of Kshs.50,000.
- iii. Name of the Institution on page 4 is not clear.
- iv. Misalignment of expenditure reference between the statement of financial performance and the notes section;
 - (a) Board expenses documented as Note 9 instead of Note 10.
 - (b) Employee costs documented as Note 8 instead of Note 9.
 - (c) Use of goods documented as note 7 instead of note 8.
 - (d) Cash and cash equivalents documented as Note 11 instead of Note 12.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Accounts Receivable

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.671,963 being student debtors as detailed in Note 13 to the

financial statements. However, the supporting schedules, detailed ageing analysis, and issued invoices were not provided for audit review.

In the circumstances, the accuracy and completeness of current portion of receivables from exchange transactions balance of Kshs.671,963 could not be confirmed.

3. Unsupported Fees from Student Revenue

The statement of financial performance reflects revenue from exchange transactions being fees from students amount of Kshs.822,300 as disclosed in Note 7 to the financial statements. However, the supporting ledgers and invoices were not provided for audit verification.

In the circumstances, the accuracy and completeness of student fee revenue amount of Kshs.822,300 could not be confirmed.

4. Unsupported Use of Goods and Services.

The statement of financial performance reflects use of goods and services amount of Kshs.592,936 and repairs and maintenance amount of Kshs.48,400 as disclosed in Note 8 and Note 11, respectively. These amounts comprise various sub-items under the use of goods and services expenditure and repairs category. However, a review of the supporting ledger revealed that only total amounts for each expenditure item were provided, with no breakdown or distinction between the individual expenditure components.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.592,936 could not be confirmed.

5. Inaccuracies in Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.30,000 as disclosed in Note 9 to the financial statements. Audit review established that the entity had two (2) employees during the year, each earning an amount of Kshs.5,000 per month, totalling Kshs.120,000 annually. Employee costs are therefore, understated by an amount of Kshs.90,000. Further, it was noted that only amount of Kshs.73,000 was paid during the year, and the salaries in arrears were not recognized as trade payables.

In the circumstances, the accuracy and completeness of employee costs amount of Kshs.30,000 could not be confirmed.

6. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects nil non – current assets balance and therefore, do not reflect balances of property, plant and equipment which include land, buildings, furniture and fittings, computers and plant and equipment. In addition, the Centre's fixed assets register was also not provided for audit verification. Further, the land on which the Centre resides on did not have ownership documents.

In the circumstances, the accuracy and completeness of nil non – current assets balance could not be confirmed.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects the final receipts budget of Kshs.1,335,000 against actual receipts of Kshs.849,536, resulting in an under-funding of Kshs.485,464 or 36% of the budget. However, the Institution spent Kshs.676,336 against actual receipts of Kshs.849,536, resulting in an under-utilization of Kshs.173,200 or 20% of actual receipts.

The underfunding and underutilization affected the planned activities and may have negatively impacted 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 Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Lawfulness and Effectiveness in 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. Idle Project Funds Held in Dormant Bank Account

The statement of financial position reflects cash and cash equivalents balance amounting to Kshs.893,434. Included in this balance is the Kenya Commercial Bank (KCB) Project Account which had a balance of Kshs.611,679 that has been idle for two years. The funds were earmarked for the construction of a kitchen whose bills of quantity totalled Kshs.2,100,000, but the project has not commenced due to insufficient funding.

In the circumstances, the funds remained idle and unutilized, contrary to prudent financial management and timely project implementation.

2. Manager Acting Beyond Six Months

Review of personnel records revealed that the Centre Principal has served in an acting capacity since, 2015, contrary to Section 34(3) of the Public Service Commission Act, 2017, which stipulates that an officer may serve in an acting capacity for a minimum of thirty (30) days but not exceeding six (6) months.

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

3. Non-Compliance with TVET Act Requirements on Institutional Accreditation and Registration

Review of compliance with the Technical and Vocational Education and Training (TVET) Act, 2013 revealed that the Vocational Training Centre has been operating with an expired Institutional license and registration certificate. This contravenes Section 17(1) and (3) of the TVET Act,2013 which requires all Institutions to be accredited, licensed, and registered before offering training programmes, and prohibit mounting of any course without prior approval by the Board.

In the circumstances, Management was in breach of law.

4. Non – Compliance with the Public Procurement Capacity Building Levy Order, 2023

Review of records revealed that the Centre entered into contracts but no documentary evidence has been provided to confirm that the Entity complied with paragraph 3(1) of the

Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

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 THE 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 the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

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

In the circumstance, the strength of the internal controls and oversight could not be confirmed.

2. Absence of an Approved Staff Establishment

The Centre did not have an approved staff establishment. In the absence of a formal staff establishment, it is not possible to assess whether the Centre is operating with an optimal staffing structure necessary to support the implementation of its mandate.

In the circumstances, Management was not in compliance with the Human Resource Policy requirements.

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 control 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 overall governance.

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

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

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

The Board of Management is responsible for overseeing the College'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 Centre'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

GITUGU 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

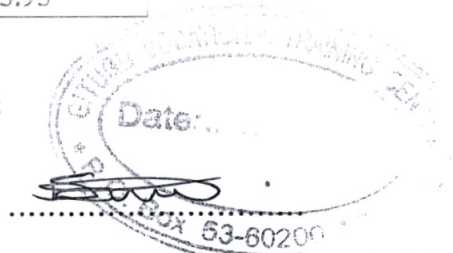
	Notes	FY24/25 Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	669,000.00
Revenue from Exchange transactions	7	822,300.00
Total Revenue		1,491,300.00
Expenses		
Use of goods and services	8	592,936.00
Employee costs	9	30,000.00
Board Expenses	10	5,000.00
Repairs and maintenance	11	48,400.00
Total Expenses		676,336.00
Net surplus for the year		814,963.95

Statements).

The Financial Statements set out on pages 1 to 5 were signed by:


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.....



Name **SILAS MWANGI**
Chairman of Board

Name
Accountant
ICPAK No

Name **EMM MUKHIA**
Principal/Manager

Date **29/8/2025**


Date

Date **29/8/2025**


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

Description	Notes	FY24/25 Kshs
Assets		
Current Assets		
Cash and cash equivalents	12	893,434.00
Current portion of receivables from exchange transactions	13	671,963.00
Total Current Assets		1,565,397.00
Total Non-Current Assets		0.00
Total Assets (A)		1,565,397.00
Total Liabilities (B)		0.00
Net Assets (A-B)		1,565,397.00
Represented By:		
Accumulated surplus		1,565,397.00
Total Net Assets		1,565,397.00

The Financial Statements set out on pages 1 to 5 were signed by:


 Name SILAS MWANGERA
 Chairman of Board

Date 29/8/2025


 Name D. Kibir
 Accountant
 ICPAK No

Date


 Name EWA MUCTIRA
 Principal/Manager



Date 29/8/2025

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

Description		Accumulated surplus	Capital Grants/Fund	Total
At July 1, 2024(current year)		733,135.00	0	733,135.85
Surplus for the year ended 30june2025	-	814,963.00	0	814763.00
At June 30, 2025			0	1,565,196.85

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

Description	Fy 2025	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	669,000.00
Fees from students		150,536.20
Total Receipts		814,536.20
Payments		
Use of goods and services	7	592,936.00
Employee costs	8	30,000
Board Expenses	9	5,000.00
Repairs and maintenance	10	48,400.00
Total Payments		676,336.00
Net Cash Flows from operating activities	14	143,200.00
Net cash flows used in investing activities		0.00
Net cash flows used in financing activities		0.00
Net Increase/(Decrease) in Cash and Cash equivalents		160,298.15
Cash & Cash equivalents at the beginning (1 st)	11	733,135.85

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Description	Note	Fy 2025
		Kshs
July 2025)		
Cash & Cash equivalents at the end. (30 th June 2025)	11	893,434.00

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%
Receipts						
Transfers from County Government	669,000.00	0.00	669,000.00	669,000.00	0.00	100
Fees from students	536,000.00	0.00	536,000.00	150,536.00	385,464.00	28
Sale of goods	130,000.00	0.00	130,000.00	0.00	130,000.00	100
Total Receipts	1,335,000	(0.00)	1,335,000.00	849,536.00	485,464.00	64
Payments						
Use of goods and services	1,097,740	0.00	1,097,740.0	592,936.00	504,804.00	54
Employee costs	100,000.00	0.00	100,000.00	30,000.00	120,000.00	20
Repairs and maintenance	137,260.00	0.00	147,180.00	48,400.00	98,780.00	33
Total Expenditure	1,335,000.0	0.00	1,335,000	671,336.00	723,584.00	
Capital expenditure payments	0	0	0	0	0	0
Surplus /Deficit	0.00	0.00	0.00	195,301.00	(238,120.00)	

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A

19. Notes to the Financial Statements

1. General Information

Gitugu VTC VTC is established by and derives its authority and accountability from TVETA act 2013. The VTC is wholly owned by the County Government of Meru and domiciled in IMENTI NORTH SUB-COUNTY. The VTC principal activity is to equip learners with piratical skills, knowledge and attitudes needed for the different market trades.

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

3. Adoption of New and Revised Standards**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.

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	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an VTC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. State the expected impact of the standard to the VTC if relevant
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. State the expected impact of the standard to the VTC if relevant
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. State the expected impact of the standard to the VTC if relevant
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across

GITUGU VTC

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

	<p>IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>State the expected impact of the standard to the VTC if relevant</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an VTC shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>State the expected impact of the standard to the VTC if relevant</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>State the expected impact of the standard to the VTC if relevant</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>State the expected impact of the standard to the VTC if relevant</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.

GITUGU VTC

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

	<p>iii. Disclosures that identify and explain the amounts in the VTC financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p>State the expected impact of the standard to the VTC if relevant</p>
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ii. Early adoption of standards

Gitugu Training Vocation Centre, did not early adopt any new or amend The VTC did not early – adopt any new or amended standards in the financial year 2024/2025.

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 VTC 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 VTC 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 VTC.

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.

GITUGU VTC

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on **march2025**. There was no additional appropriations added to the original budget the FY 2024/2025.

The VTC 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 VTC is exempt from paying taxes as per the first schedule that grants exemption under Kenya income tax paragraph 10 for institution only.

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

Gitugu Vocational Training Centre, does not have any investment on property.

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 VTC 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

The institute does not hold any asset under lease.

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.

g) Biological Assets

The VTC 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 VTC, 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.

h) Research and development costs

The VTC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the VTC can demonstrate:

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The VTC does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one VTC and a financial liability or equity instrument of another VTC. At initial recognition, the VTC 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 VTC 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 VTC 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 VTC 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 VTC 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

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

j) Inventories

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

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

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

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

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

k) Provisions

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

Contingent assets

The institute 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 VTC 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 VTC 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 VTC will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

The Vocation Centre does not create or maintain reserves in terms of specific requirements and policy adopted.

Changes in accounting policies and estimates

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

n) Employee benefits**Retirement benefit plans**

The institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an VTC pays fixed contributions into a separate VTC (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

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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.

o) 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.

p) Related parties

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

q) Service concession arrangements

The VTC analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the VTC 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 VTC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

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s) Comparative figures

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

t) 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 VTC 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 VTC 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 VTC. 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 VTC.
- 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.

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(Transfers from the County Government

Description	Insert Current FY
	Kshs
Unconditional Grants	
Capitation Grants	669,000.00
Total unconditional Grants	669,000.00
Total Government Grants and Subsidies	669,000.00

(b)Transfers from County Government (Categorized)

Name of the VTC Sending The Grant			Amount recognised in capital fund.	Total grant income during the year
			Kshs	Kshs
Meru County Department for Education and Technology			669,000.00	699,000.00
Total			669,000.00	699,000.00

i. Fees from students

Description	Insert Current FY
	Kshs
Hostel and accommodation	353,100.00
Personal emolument	272,000.00
Development fees	72,500.00
Medical fees	29,000.00
Registration fees	20,500.00
Student ID	8,200.00
Club and Societies	29,000.00
ICT/Computer Packages	38,000.00
Total Fees from students	822,300.00

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8. Use of Goods and Services

Description	FY 2024/25
	Kshs
Teaching and learning materials	305,900.00
Boarding/Hostel expenses	36,700.00
Electricity	21,994.00
Bank charges	7,222.00
Skills Competitions and Exhibitions	21,600.00
Examination fees	42,800.00
Co-curricular expenses	8,250.00
Catering, conferences, and delegations	66,000.00
Travelling and accommodation	17,600.00
Printing and stationery	64,870.00
Total good and services	592,936.00

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9. Employee Costs

Description	FY 2024/25
	Kshs
Salaries and wages	30,000.00
Employee Costs	30,000.00

10. Board Expenses

Description	FY 2024/25
	Kshs
Chairman's Honoraria	5,000.00
Total	5,000.00

GITUGU VTC**Annual Report and Financial Statements for the year ended 30th June 2025****11.Repairs and Maintenance**

Description	FY 2024/2025
	Kshs
Electrical fittings repairs and maintenance	48,400.00
Total Repairs and Maintenance	48,400.00

12.Cash and Cash Equivalents

Financial Institution	Account number	FY2024/25	FY 2023/24
		Kshs	
a) Current Account			
Kcb meru 1234299976 (Grant account)		276,058.15	103,164.15
Kcb Meru 1135590281(Operation account)		466.85	136.20
Kcb Makutano 1260109887 (Project account)		611,679.00	611,679.00
Kcb meru 1286782805 (Exam account)		5,230.00	18,156.50
Sub- Total		893,434.00	733,135.85
Grand Total		893,434.00	733,135.85

13. Current Receivables from Exchange transactions

Description	Insert Current FY
	Kshs
Current Receivables	
Student Debtors	671,763.80
Total Current Receivables	671,763.80

14. Cash generated from operations.

	Insert Current FY
	Kshs
Surplus for the year	814,963.00
Working Capital Adjustments	
Increase in Receivables	(671,763.00)
Net Cash Flow from Operating Activities	143,200.00

15. Events after the Reporting Period

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

16. Currency

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

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8. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your VTC responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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Name **EVAN MUCHIRA**
Principal/Manager
Gitugu Vocational Training
Centre
Date **29/8/2025**

