

REPUBLIC OF KENYA



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REPORT

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THE NATIONAL ASSEMBLY  
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DATE: 01 APR 2026

DAY:  
WEDNESDAY

HON. DR. ROBERT RUKOSE, MP

CHRISTINE NJIRITU

THE AUDITOR-GENERAL

ON

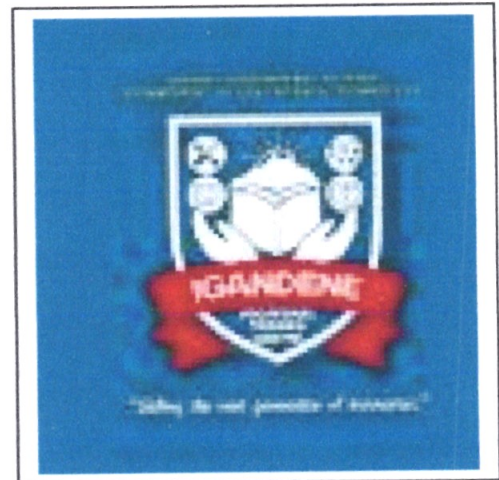
IGANDENE VOCATIONAL TRAINING  
CENTRE

FOR THE YEAR ENDED  
30 JUNE, 2025

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**IGANDENE VOCATION TRAINING CENTRE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

# IGANDENE VTC

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

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

**B.O.G** – Board of Governors

**ICPAK**- Institute of Certified Public Accounts of Kenya

**IPSAS**- International Public Sector Accounting Standards

**PFM** – Public Finance Management

**PSAB** - Public Sector Accounting Standards Board

**VTC** – Vocational Training Center

**IVTC** – Igandene Vocational Training Centre

**B. Definition of key terms**

**Fiduciary management** – The key personnel directly entrusted with the entities financial resources

**Financial Statement** – A set of documents that shows your institution status at a specific point in time

**2. Key Entity Information and Management**

**(a) Background information**

Igandene vocational training Centre was established in May 2019 as youth polytechnic and later in 2020 Registered as Public Vocational Training Center by TVETA. The mission was to train artisan to attain relevant technical and life skills and right attitudes and values. It has approximately 3.21 Acres of land donated by meru county council

Since its establishment the polytechnic has been under board of management. The current BOG was nominated on 20<sup>th</sup> March 2024 to 20<sup>th</sup> March 2027 it was mandated to serve for three years.

**(b) Principal Activities**

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

- ✓ Fashion and design and Garment making
- ✓ Metal processing Technology
- ✓ Hairdressing and beauty therapy (Cosmetology)
- ✓ Building and construction technology
- ✓ Computer Studies

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

**THE VOCATIONAL TRAINING CENTRE MOTTO:** “Skilling the next generation of innovators.

**(c) Key Management**

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

- Board of Management
- Manager
- Head of department officers

**(d) Fiduciary Management****a) FIDUCIARY MANAGEMENT**

S/No	DESIGNATION	NAME
1	Manager	RAEL WANJA M'ITONGA
2	Deputy manager/Trainees Discipline	TITUS KAIBI KAINGA
3	Senior teacher/ guidance and counseling	ELOSY MAKENA MUTEGI
4	Head of academic	TTITUS KAIBI KAINGA
5	Head of finance	RAEL WANJA M'ITONGA

**d. FIDUCIARY OVERSIGHT ARRANGEMENT**

SNO	NAME OF COMMITTEE	MEMBER
1	Procurement committee	TITUS KAIBI KAINGA ELOSY MAKENA MUTEGI NICHOLAS MWITI KINOTI LUCY NGUGI IRINGO

**(e) Entity Headquarters**

IGANDENE VOCATIONAL TRAINING CENTRE  
P.O BOX 773-60202  
NKUBU

**(f) Entity Contacts**

Tel.0720300007

**(g) Entity Bankers**

**i) KENYA COMMERCIAL BANK:**

1. CAPITATION A/C NO 1259402363
2. EXAM A/C NO 1272032353
3. GENERAL OPERATIONS FEES A/C NO 1272061620
4. WARD FUND (PROJECT) A/C NO. 1259385779

**(h) Independent Auditors**

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





**(i) 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

**3. The Board of Management**

**1. THE BOARD OF MANAGEMENT**

SNO	Board of Management	photo	Description of members
1	ALCAJEL KINOTI KABURU		Date of birth:28/8/1977 Qualification: Teacher Work experience: serving teacher position: chairperson
2	AGRIPHINA MUGURE MAJAU		Date of birth:1970 Qualification: Degree in electrical and electronics engineering Work experience: N/A Position: Vice chairperson
3	ZACHARY IKUNDA NKABU		Date of birth:10/12/1962 Qualification: Bachelor degree in Education Work experience: Retired teacher Position: 3 <sup>RD</sup> Signatory
4	JUSTUS GITOBU KWIRIGA		Date of birth:01/01/1968 Qualification: Certificate in IT Position: MEMBER

5	NASALIO MUTEMBEI MIRITI		Date of birth:14/01/1985 Qualification: Certificate Agriculture Work experience/A position: MEMBER
6	DINAH KATHAMBI MURITHI		Date of birth:16/02/1989 Qualification: Certificate in computer Work experience:N/A position: MEMBER
7	ANGELICAH NGEETA M'TUIRINGU		Date of birth: 1959 Qualification: Diploma in Theology Work experience N/A position: MEMBER
8	FRANCIS MBAE NDEREBA		Date of birth:05/08/1959 Qualification: Masters in Architecture Work experience: Physical planning position: MEMBER
9	CHRISTOPHER M KIRIMI NDEGWA		Date of birth:28/02/1958 Qualification: Bachelor degree in Education Work experience: Retired teacher Position: MEMBER

**IGANDENE VTC**

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

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	RAEL WANJA M'ITONGA		Date of birth: 1/12/1973 Qualification: Diploma in computer studies Profession: Trainer Work experience: 28 years Position: BOG secretary
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**4. Key Management Team**

<b>S/No</b>	<b>DESIGNATION</b>	<b>NAME</b>
1	Manager	RAEL WANJA M'ITONGA
2	Deputy manager/Trainees Discipline	TITUS KAIBI KAINGA
3	Senior teacher/ guidance and counseling	ELOSY MAKENA MUTEGI
4	Head of academic	TTITUS KAIBI KAINGA
5	Head of finance	RAEL WANJA M'ITONGA

**5. Chairman's Statement**

May I take this opportunity to present a brief report of Igandene vocational training centre for the year ended 30<sup>th</sup> June 2025, having been appointed chairman of the BOG with effect from 20<sup>th</sup> March 2024 followed by inauguration process on 17<sup>th</sup> September 2024, may I start by appreciating the county government of Meru for finding me fit to chair the BOG of this vocational training centre.

In the few months that I have held this position I wish to appreciate the support and guidelines accorded to me and my team by our able manager madam Rael Wanja and in a very special way, the VETO (vocational education and training officer) Mr Titus Kinyua Njeru from the director vocational training centre office

Being new in this office, we have had only two full BOG meeting and three executive BOG meetings. To these meetings the manager who is the secretary to the BOG took us through the orientation process during the first meeting and all members appreciated very much. Basically the BOG members promised to work as a team and use individual influences to source for resources for vocational training centre success.

**KEY ACTIVITIES WITHIN THIS SHORT PERIOD**

- ✓ Putting up sign board to the strategic areas for the VTC direction.
- ✓ Construction of a kitchen which is on-going project
- ✓ Installation of electricity sockets in hairdressing and beauty therapy workshop.
- ✓ Repair of computers and software installations
- ✓ Purchase of training materials in all departments
- ✓ Participated in co-curricular activities at kaaga meru county (ball games)

**CHALLENGES: The Vocational centre faces a number of challenges as follows:**

- ✓ In adequate infrastructures
- ✓ 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 forced to train both 1<sup>st</sup> years and 2<sup>nd</sup> year.
- ✓ Lack of modern equipments and fully equipped workshops which matches the market demands

**IGANDENE VTC**

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

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In this regard I wish to thank the members of the board who have provided useful insight to the Vocational centre management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realize further developments. The board is pleased with effort of the Igandene VTC to ensure prudent management of resources and level of compliance with the government regulations and statutory requirements.

**Name:** ALCAJEL KINOTI KABURU

**Signature** ..... 

**BOG CHAIRMAN**



**6. Report of the Manager**

Presented herein is the annual report and financial statement of Igandene Vocational Training Centre for the financial year ended 30<sup>th</sup> June 2025 as per requirement of the public finance management Act of 2012 and public audit act 2015

**a. Academic programs**

During the financial year under review the Vocational center had the following training programs:

- ✓ Metal processing (grade 3)
- ✓ Hairdressing and beauty (grade 3,2)
- ✓ Building and construction (grade 3,2)
- ✓ Computer Studies (computer application packages)
- ✓ Fashion design and Garment making (grade 3)

**b. Student population**

We receive students through personal application, sponsored by individuals and church organizations. By the end of the FY 2024/2025 the Vocational centre had a total of 40 trainees. We are expecting the number to rise to 80 trainees in the FY 25/26.

This will be achieved through

- ✓ Out sourcing in collaboration with the area chief, assistance chief and church leadership, member of county assembly (MCA)
- ✓ Strengthening collaboration with local industries and Jua Kali sectors who will be offering internship and attachment for trainees
- ✓ Building a strong online presence through embracing video marketing
- ✓ Engaging with community on social media and participating in their events

**c. Key activities during the year**

- ✓ Putting up sign board to the strategic areas for the VTC direction.
- ✓ Construction of a kitchen, which is on-going project

## IGANDENE VTC

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

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- ✓ Installation of electricity sockets in hairdressing and beauty therapy workshop.
- ✓ Repair of computers and software installations
- ✓ Purchase of training materials in all departments
- ✓ Participated in co-curricular activities at Kaaga Meru county (ball games)
- ✓ Exhibited in Meru ask show.

The board agreed to work as a team to better the institution in compliance with the policy guidelines for appointment and operations of BOG. At least a third of nominees are women for compliance.

Board participated in the following meetings:

- ✓ BOG Inauguration meeting held on 17/9/24
- ✓ BOG Meeting held on 18/10/24
- ✓ BOG Meeting held on 28/2/25
- ✓ BOG Executive meeting held on 24/10/24
- ✓ BOG Executive meeting held on 13/6/25
- ✓ BOG Executive meeting held on 5/8/25
- ✓ Consultation with chairman 8/6/25
- ✓ Consultation with third signatory 8/6/25

**NAME:** Rael Wanja M'ITONGA  
MANAGER / BOG SECRETARY

**SIGNATURE** .....



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

In this period the Vocational Centre has managed to procure training materials in various departments: in metal processing, building technology and garment making some of materials procured were used to improve the school development as learners' trains.

For example, in building we were able to construct the on-going kitchen with trainer and trainees, and repair of VTC Fence. For metal processing we were able to make metal doors to replace timber doors for the pit latrines, for the Garment making we were able to make workshop and office curtains and boardroom table clothes and also graduation gowns. Repair was done and installation of computer software and Hairdressing and beauty therapy workshop Sockets were also installed

**8. Corporate Governance Statement**

The board consists of nine members with different capability. The full board involved 2 times, executives 3 times in this financial year. In this period the attendance was as follows:

**BOARD TRANSACTIONS/ATTENDANCE IN THE FINANCIAL YEAR**

S/N0	FULL BOARD MEETING						
	EXECUTIVE MEETINGS	M1	M2	M3	M1	M2	M3
	NAME	Inauguration					
1	RAEL WANJA M'ITONGA	1	1	1	1	1	1
2	ALCAJEL KINOTI KABURU	1	1	1	1	1	1
3	AGRIPHINA MUGURE	1	1	1	1	1	1
4	ZACHARY IKUNDA NKABU	1	1	1	1	1	1
5	DINAH KATHAMBI	1	1	1	1	1	1
6	JUSTUS GITOBU	1	1	1	1	1	1
7	AGELLIKAH NGETA	1	1	1	1	1	1
8	NASALIO MUTEMBEI	1	1	1	1	1	1
9	FRANCIS MBAE NDEREBA	1	1	1	1	1	1
10	CHRISTOPHER KIRIMI NDEGWA	1	1	1	1	1	1

**9. Management Discussion and Analysis****Trainees Enrollment**

The active trainees' enrollment by 30<sup>th</sup> June 2024 was 46 trainees and by 30<sup>th</sup> June 2025 enrolment was 40 trainees this was due to CBE transition which affected the enrollment. Due to Lack of enough finances the VTC was not able to do enough strategic marketing plans on media platform. The CDACC curriculum introduced in the Colleges, Institutes, Technical colleges and the National polytechnics where they enroll trainees with lower grades to pursue different levels as low as level 3 trainees opt to join these institutions than joining the vocational training Centers. This affected Vocational training centers in terms of enrolments.

**CHALLENGES:**

The Vocational centre experienced a number of challenges as follows

- ✓ In adequate infrastructures.
- ✓ 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 1<sup>st</sup> years and 2<sup>nd</sup> years respectively.

Lack of modern equipments and fully equipped workshops which matches the market demands

**10. Environmental And Sustainability Reporting Statement**

In order to maintain healthy environment the BOG had installed storage water tank for water treatment for human consumption in the VTC.

The BOG also installed security lightings within the VTC premises.

**i. Marketplace practices**

The Vocational Training centre has established norms or values to guide the performance of the training center

The institution has engaged the community through sensitization on TVET courses offered and the support given by the county government. The Vocational center also involved the politicians by lobbying for finances through awarding of bursaries to assist the needy trainees

The Vocational centre pays all suppliers in good time which creates a good relationship and in return they supply goods and services without fear even when the VTC has no finances

The Vocational Centre will interact with and influence market through:

- ✓ Procurement practices on how the VTC will purchase goods and services
- ✓ Partnership and collaborations: the VTCI will be partnering with other organizations on businesses online platforms
- ✓ Innovation and technology transfer: The VTC developing and commercializing new technologies (Skilling the next generation of innovators):
- ✓ Talent development and recruitment: The VTC will attract and develop skilled professional to march the market trends and demand.
- ✓ The VTC outlines efforts to maintain ethical marketing practices
- ✓ Responsible chain and supplier relations: explains how the organization maintains good business practices, treats its own suppliers responsibility by honoring contract and respecting payments practices

On behalf of the managements and the Staff members of Igandene VTC, with gratitude may I take this opportunity to thank the BOG Member for the support accorded to the growth and success of the Vocational Centre.

## **IGANDENE VTC**

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

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I also thank the County Government for the support accorded to the Vocational Centre through subsidized tuition grants, offering trainees bursaries and equipping Hairdressing and beauty therapy workshop with modern machines and equipments last financial year 2024/2025.

Finally, may I thank all the Staff Members and our Trainees for supporting all the activities, and training development in the Vocational Training Centre.

I look forward for the same co- operations and support for the coming financial year 2025/2026.

RAEL WANJA M'ITONGA

**MANAGER**



## **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 *entity's* affairs.

### **Principal activities**

The principal activities of the entity are:

- ✓ To promote the best interest of institution and ensure its development.
- ✓ To promote quality training for all trainees in accordance with set standards.
- ✓ To work in accordance with developed strategic plan for the institution
- ✓ To provide proper and adequate physical facilities for the institution
- ✓ To Manage all the general affairs of the institution in accordance with laid down procedures
- ✓ To Advise the management on training needs of the institution
- ✓ To Create an enabling environment for all employees in the institution

### **Results**

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

### **Board of Management**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of the *entity* 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:** 2/12/2025

**12. Statement of Board of Management Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the technical and vocational education and training Act 2013 require the Board of Management to prepare financial statements in respect of Igandene VTC, which gives 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 Igandene VTC for that year/period. The Board of Governors 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 Governors are also responsible for safeguarding the assets of Igandene VTC.

The Board of Governors 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 30<sup>th</sup> June 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 Governors 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 TVETA act 2013 section 20 (1). The Board of Governors 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 30<sup>th</sup> June, 2025, and of the entity's financial position as at that date. The Board of Governors 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.

**IGANDENE VTC**

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

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In preparing the financial statements, the Manager has assessed the entity's ability to continue as a going concern. Nothing has come to the attention of the Board of Governors 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 entity's financial statements were approved by the Board on 2/12/2025 2025 and signed on its behalf by:

Name ALCAJGW KARURU

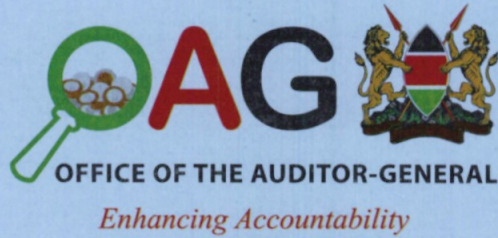
**Chairperson of the Board**

Name RAEL WANJA M'GONGA

**Manager**



# REPUBLIC OF KENYA



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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Igandene Vocational Training Centre set out on pages 1 to 17, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Igandene 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**

#### **Undisclosed Assets**

The statement of financial position reflects a Nil balance in respect to property, plant and equipment balance. However, a number assets owned by the Training 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, completeness and ownership of the nil balance in respect to property, plant and Equipment could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.1,729,894 and Kshs.1,133,594 respectively, resulting to an under-funding of Kshs.596,300 or 34% of the budget. However, the Institution spent an amount of Kshs.1,010,209 against actual receipts of Kshs.1,133,594, resulting to an under-utilization of Kshs.123,385 or 11% 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 effects of the matter 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 iv to xxii 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 Board of governors, Statement of Board of governors 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 Training 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. Delay in Completion of Hair Dressing and Beauty Therapy Workshop Project**

The tender for construction of hair dressing and beauty therapy workshop was awarded to a contractor at a contract sum of Kshs.1,974,995 with effect from 5 October, 2020 to be completed on 30 March, 2021. However, review of project file and project status

revealed that the building structure is at lintel level and no ongoing works at the site. The contractor had been paid an amount of Kshs.420,000. Further, the contract period had since expired with no evidence of contract extension.

In the circumstances, delayed projects have negatively impacted service delivery to the public.

## **2. 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 20<sup>th</sup> 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Internal Audit 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), Regulations, 2015 which states that, the internal audit unit of an Institution to assess effectiveness of the Polytechnic through an internal

performance appraisal commenting on its effectiveness in the annual report to The County Treasury.

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

The audit was conducted in accordance with ISSAIs 2315 and 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**

**02 December, 2025**

**IGANDENE 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	Period ended 30 <sup>th</sup> June 2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	570,000
		<b>570,000</b>
<b>Revenue from Exchange transactions</b>		
Fees from students	7	756,100
<b>Revenue from Exchange transactions</b>		<b>756,100</b>
<b>Total Revenue</b>		<b>1,326,100</b>
<b>Expenses</b>		
Use of goods and services	8	675,109
Employee costs	9	168,000
Board Expenses	10	27,000
Repairs and maintenance	11	172,100
<b>Total Expenses</b>		<b>1,042,209</b>
<b>Net surplus/(deficit) for the year</b>		<b>283,891</b>

*(The notes set out on pages 6 to 19 form an integral part of the Annual Financial Statements).*

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

.....  
*Alcajero Kaburu*

**Alcajero Kaburu**  
**Chairman of Board**

Date *2/12/2025*

.....  
*Perpetual Gatwiri*

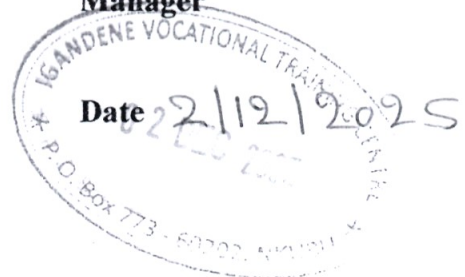
**Perpetual Gatwiri**  
**Accountant**  
**ICPAK No 21574**

Date *2/12/25*

.....  
*Rael Wanja*

**Rael Wanja**  
**Manager**

Date *2/12/2025*




**IGANDENE 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	Period ended 30 <sup>th</sup> June 2025
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	12	123,485
Current portion of receivables from exchange transactions	13(a)	596,200
<b>Total Current Assets</b>		<b>719,685</b>
<b>Total Assets (A)</b>		<b>719,685</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables from exchange transactions	14	32,000
<b>Total Current Liabilities</b>		<b>32,000</b>
<b>Total non- current liabilities</b>		
<b>Total Liabilities (B)</b>		<b>32,000</b>
<b>Net Assets (A-B)</b>		<b>687,685</b>
<b>Represented By:</b>		
Accumulated Surplus		687,685
<b>Total Net Assets</b>		<b>687,685</b>


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

  
 Name **ALCAJZER KABURU**  
 Chairman of Board

Date **2/12/2025**

  
 Name **PERPETUAL GATWIZI**  
 Accountant  
 ICPAK No **21574**

Date **2/12/2025**

  
 Name **RAEL WANJA MITUNGA**  
 Principal/Manager

Date **2/12/2025**



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

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated Surplus</b>	<b>Capital Grants/Fund</b>	<b>Total</b>
<b>At July 1, 2024</b>		<b>403,794.00</b>		<b>403,794</b>
Revaluation gain				-
Surplus/(deficit) for the year		283,891.00		283,891
Capital grants received during the year				-
<b>At June 30, 2025</b>		<b>687,685.00</b>		<b>687,685</b>

## 17. Statement of Cash Flows for the Year Ended 30 June 2025

Description	Note	Period ended 30 <sup>th</sup> June 2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from County Government		570,000
Grants from donors and development partners		
Transfers from National Government entities		
Public contributions and donations		
Fees from students		159,900
Sale of goods		-
Rental revenue from facilities and equipment		-
Finance income		
Miscellaneous income		
<b>Total Receipts</b>		<b>729,900</b>
<b>Payments</b>		
Use of goods and services		675,109
Employee costs		136,000
Board Expenses		27,000
Repairs and maintenance		172,100
<b>Total Payments</b>		<b>1,010,209</b>
<b>Net Cash Flows from operating activities</b>	14	<b>(280,309)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(280,309)</b>
Cash & Cash equivalents at the beginning (1 <sup>st</sup> July)		<b>403,794</b>
Cash & Cash equivalents at the end. (30 <sup>th</sup> June)	12	<b>123,485</b>

## 18. Statement of Comparison of Budget &amp; Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C %
<b>Budget carryovers from the previous year*</b>	<b>403,794</b>		<b>403,794</b>	<b>403,794</b>	<b>0</b>	<b>100</b>
<b>Receipts</b>						
Transfers from County Government	570,000		570,000	570,000	-	100
Fees from students	756,100		756,100	159,800	596,300	21
<b>Total Receipts</b>	<b>1,729,894</b>		<b>1,729,894</b>	<b>1,133,594</b>	<b>596,300</b>	<b>66</b>
<b>Payments</b>						
Use of goods and services	885,894		885,894	675,109	210,785	76
Employee costs	600,000		600,000	136,000	464,000	28
Board Expenses	54,000		54,000	27,000	27,000	50
Repairs and maintenance	190,000		190,000	172,100	17,900	90
<b>Total Expenditure</b>	<b>1,729,894</b>		<b>1,729,894</b>	<b>1,010,209</b>	<b>687,685</b>	<b>60</b>
<b>Capital Expenditure payments</b>			-			
<b>Surplus</b>			-	<b>123,385</b>	<b>687,685</b>	

**19. Notes to the Financial Statements**

**1. General Information**

Igandene VTC entity is established by and derives its authority and accountability from Act. The entity is wholly owned by the County Government of Meru and domiciled in 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	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year.

**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.

## **IGANDENE VTC**

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

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#### **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 of the 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) 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.

**e) 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.

**f) 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.

**g) Comparative figures**

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

**h) 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

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

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

**6. Transfers from the County Government**

Period ended 30 <sup>th</sup> June 2025	
Kshs	
<b>Unconditional Grants</b>	
Capitation Grants	570,000
<b>Total unconditional Grants</b>	<b>570,000</b>
<b>Total Government Grants and Subsidies</b>	<b>570,000</b>

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

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year
	Kshs	Kshs	Kshs	Kshs
C Department of Education and Technology county Government of Meru	570,000	0	0	570,000
<b>Total</b>	570,000	0	0	570,000

**IGANDENE VTC****Annual Report and Financial Statements for the year ended 30th June 2025****7. Fees from students**

Maintenance	340,300
Personal emoluments	378,000
Administration costs	37,800
<b>Total Fees from students</b>	<b>756,100</b>

**8. Use of Goods and Services**

Teaching and learning materials	357,220
Electricity	21,347
Water	4,500
Examination fees	59,500
Skills	65,900
Catering, conferences, and delegations	33,290
Bank charges	1,902
Travelling and accommodation	33,500
Printing and stationery	97,950
<b>Total good and services</b>	<b>675,109</b>

**9. Employee costs**

Salaries and wages	168,000
<b>Employee Costs</b>	<b>168,000</b>

**IGANDENE VTC****Annual Report and Financial Statements for the year ended 30th June 2025****10. Board Expenses**

Description	Period ended 30 <sup>th</sup> June 2025 Kshs
Chairman's Honoraria	3,000
Directors Emoluments	24,000
<b>Total</b>	<b>27,000</b>

**11. Repairs and Maintenance**

Description	Period ended 30 <sup>th</sup> June 2025 Kshs
Computers and accessories	172,100
<b>Total Repairs and Maintenance</b>	<b>172,100</b>

**12. Cash and Cash Equivalents**

Description	Period ended 30 <sup>th</sup> June 2025 Kshs
Current Account	123,485
<b>Total Cash and Cash Equivalents</b>	<b>123,485</b>

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

Financial Institution	Account number	Period ended 30 <sup>th</sup> June 2025 Kshs
<b>a) Current Account</b>		
KCB	1259402363	61,553
KCB	1272061620	10,524
KCB	1272032353	43,724
KCB	1259385779	7,684
<b>Sub- Total</b>		<b>123,485</b>
<b>Grand Total</b>		<b>123,485</b>

**13. Receivables from Exchange transactions**

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

<b>Current Receivables</b>	
Student Debtors	596,200
<b>Total Current Receivables</b>	<b>596,200</b>

**13 (b) Ageing Analysis of Receivables from Exchange Transactions**

	Current FY	% of the total
Less than 1 year	596,200	100%
Between 1- 2 years		
Between 2-3 years		
Over 3 years		

**14. Trade and Other Payables from Exchange Transactions**

Trade payables	32,000	
Salary deductions		
Third-Party Payments		
Other Payables		
<b>Total Trade and Other Payables</b>	<b>32,000</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	32,000	100%
1-2 years		
2-3 years		
Over 3 years		
<b>Total (to tie to totals above)</b>		

**15. Cash generated from operations.**

Period ended 30 June 2025	
Kshs	
Surplus/(Deficit) for the year	283,891
<b>Working Capital Adjustments</b>	
Increase in Receivables	(596,200)
Increase in Payables	32,000
<b>Net Cash Flow from Operating Activities</b>	<b>(280,309)</b>

**16. 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:

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

At 30 June 2024				
Receivables from exchange transactions	596,200	596,200		
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>	<b>123,485</b>	<b>123,485</b>		

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

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 30 June 2025		
Trade Payables	32,000	32,000
Provisions		
Deferred Income		
<b>Total</b>	<b>32,000</b>	<b>32,000</b>

**(iii) Market risk**

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

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

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

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

**a) Interest rate risk**

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

***Management of interest rate risk***

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

**17. 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 Igandene 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) Department of Education and Technology
- iii) Board of Management;

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

- iv) Key management;

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

Description	Amount
<b>Transactions with Related Parties</b>	
<b>a) Grants /Transfers from the Government</b>	
Grants from County Government	570,000
<b>Total</b>	
<b>b) Key Management Compensation</b>	
Board of Management emoluments	27,000
<b>Total</b>	<b>597,000</b>

**18. Events After The Reporting Period**

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

**19. Currency**

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

**IGANDENE VTC**

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

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

*nr*

**Rael Wanja  
Manager**

**Date** *21/12/2025*



**IGANDENE VTC**

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

**Appendix II- Inter-Entity Confirmation Letter**

Name of transferring entity: County Government of Meru

Name of beneficiary entity: Igandene VTC

Reference Number	Date Disbursed	Recurrent (A)	Total (C)=(A+B)	Remarks
	26/Feb/2025	390,000	390,000	
	26/Feb/2025	180,000	180,000	
Total		570,000	570,000	

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

**Head of Accounts Department - Disbursing Entity:**

Name DOUGLAS KOBIAN Sign  Date 02 DEC 2025



**Head of Accounts Department - Beneficiary Entity:**

Name RAEL WANJA MITUNGA Sign  Date 2/12/2025

