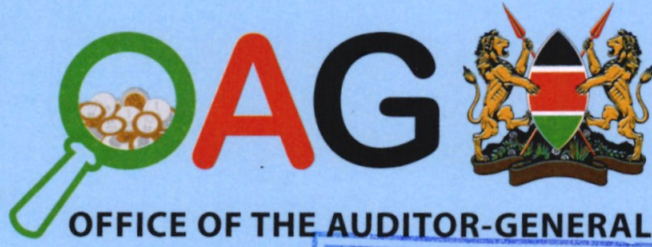


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

REPORT DATE: 08 APR 2026

DAY:  
WEDNESDAY

PARLIAMENT  
OF KENYA  
LIBRARY

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BY:

HON. DIDO RASQ MP  
ON BEHALF OF LOM

OF

CLERK-AT  
THE-TABLE:

J. LEMERELLE

**THE AUDITOR-GENERAL**

**ON**

**NGURUKI VOCATIONAL TRAINING  
CENTRE**

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



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**NGURUKI VOCATIONAL TRAINING CENTRE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

**COUNTY GOVERNMENT OF THARAKA NITHI  
COUNTY TREASURY**



**Telephone: 1513**

**Email: [treasury@tharakanithi.go.ke](mailto:treasury@tharakanithi.go.ke)**

**REF: TNC/FIN/NVTC/Vol. I/01**

The Auditor General

Embu Hub

P.O. Box 113 – 60400

**EMBU**



**P. O. BOX 10-60406  
KATHWANA**

**Date: 20<sup>th</sup> August 2025**

**RE: NGURUKI VOCATIONAL TRAINING CENTRE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FY 2024/25**

In accordance to Public Financial Management Act 2012, Section 166 (1), we hereby submit Nguruki Vocational Training Centre Report and Financial Statements for the year ended 30<sup>th</sup> June, 2025

Please find enclosed report for your necessary action.

Thank you

Lawrence K. Ileri Rweria

**CECM- Finance, Economic Planning and Revenue Mobilization**

**cc**

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

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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

**2. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Nguruki Vocational Centre was incorporated and established under the TVET Act/Gazette Notice xxxx Act on (*insert date*). The college is under the County Department for Education.

**(b) Principal Activities**

The principal activity/mission/ mandate of the entity is to ...  
The vision of the entity is to be a centre of excellence in providing vocational education while the mission is to empower the youth with relevant quality technical and entrepreneurship skills for self-national development.

**(c) Key Management**

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

SN.	Name	Position
1.	Beatrice Nkatha	Manager
2.	Duncan Munene	Dean of Students
3.	Christine Makena N	Head of Departments

**(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.	Name	Designation
1.	Anthony pascal Mugendi	Chairman BOM
2.	Beatrice Nkatha	Manager
3.	Douglas Munyua	Treasurer

**(e) Fiduciary Oversight Arrangements**

- Board of Management
- Department of Education -County Government of Tharaka Nithi
- County Assembly of Tharaka Nihti

**Nguruki VTC**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

---

**(f) Entity Headquarters**

P.O. Box 154- 60401 Chogoria  
Nguruki VTC  
Nguruki Market  
Keria Road  
Tharaka Nithi, KENYA

**(g) Entity Contacts**

Telephone: (254) 757089107  
E-mail: ngurukivtc@gmail.com

**(h) Entity Bankers**

Co-operative Bank of Kenya  
P.O Box  
Chogoria Branch

KCB  
P.O Box  
Chogoria Branch

**(i) Independent Auditors**

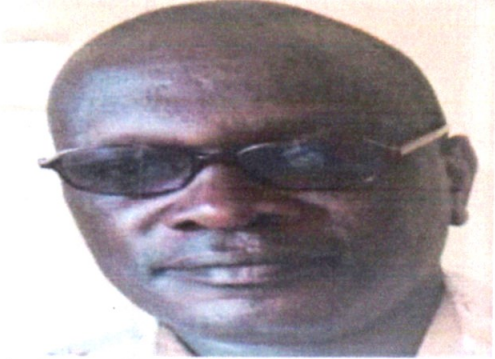


Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

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

3. THE BOARD OF MANAGEMENT

<i>Member/ Director</i>	<i>Details</i>
 <p>An Antony Pascal Mugendi CHAIRMAN</p>	<p>QUALIFICATION: Diploma in Finance</p>
 <p>Rev John Mwirichia Vice Chairman</p>	<p>QUALIFICATIONS: Degree in Theology</p>
 <p>Douglas Munyua Treasurer</p>	<p><i>QUALIFICATIONS: Diploma in Computer Engineering and Degree in Business Administration.</i></p>



Nguruki VTC

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

	<p><i>NAME: Salesio Gikundi</i> <i>QUALIFICATIONS: Degree in Procurement</i> <i>DESCRIPTION:</i></p>
	<p><i>NAME: Beatrice Mutembei</i> <i>QUALIFICATIONS: Diploma Management of Information System.</i> <i>DESCRIPTION: Secretary</i></p>
	<p>Name: Rose Nduta Karinga D.O.B: 01/01/1972 Qualification: Degree Experience: 25 years Independent</p>

**Nguruki VTC**


**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

	<p>Academic oversight, staff management, student affairs and communication and coordination.</p> <p>Qualification: Diploma in electrical installation</p>
	<p>Technical support, educational technology integration, data management and security and innovation and development.</p> <p>Qualification: hairdressing and beauty</p>

**Nguruki VTC**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**4. KEY MANAGEMENT TEAM**

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Beatrice Mutembei Manager	<i>Managing the entity.</i>  <i>QUALIFICATIONS: Diploma Management of Information System</i>

**Nguruki VTC**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

---

**5. CHAIRMAN’S STATEMENT**

I am pleased to present the Chairman’s Statement for the year ended 30<sup>th</sup> June 2025. The past financial year has been one of both opportunities and challenges for Nguruki VTC, as we continued to pursue our mission of delivering quality vocational and technical training.

**Key Activities and Achievements**

During the year, the institution achieved significant milestones.

- ✓ Successfully enrolled and trained over 200 students in diverse technical programs.
- ✓ Upgraded infrastructure.
- ✓ Strengthened partnership with the local industries, enhancing our students access to internships and job placements.
- ✓ Maintained high examination performance with a pass rate of 80% in national exams.

**Challenges Faced**

The institution faced various challenges,

- ✓ Delayed disbursement from both County and National Government affecting operational efficiency.
- ✓ High utility and maintenance costs straining the limited recurrent budget.
- ✓ Student dropout rates in some courses due to economic hardships and lack of bursary support.

**Way forward /Out look**

Looking ahead, the Board of Management remains committed to the strategic goals of the institution. Key focus areas include:

- ✓ Lobbying for increased government and donor funding.
- ✓ Recruitment of additional qualified trainers.
- ✓ Expanding our training programs to meet market demand.
- ✓ Embracing digital learning to complement hands on training.
- ✓ Strengthening alumni and industry linkages to support graduate employment.

I take this opportunity to thank all stakeholders –students, staff, the County government development partners, and the community-for their unwavering support and commitment to the growth of Nguruki VTC. I also commend the manager and their team for their dedication and resilience throughout the year.



.....  
Antony pascal Mugendi  
Chairman, BOM

**Date. 12<sup>th</sup> August 2025**

## **Nguruki VTC**

### **Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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#### **6. REPORT OF THE PRINCIPAL/MANAGER**

It is with great pleasure that I present this report for the year ended 30<sup>th</sup> June 2025. The year has been challenging and rewarding for Nguruki VTC as we made deliberate efforts to fulfil our mandate of providing quality technical and vocational education to our trainees while adapting to emerging needs in the sector.

During the period under review, the institution enrolled a total of 320 new trainees across various programs. This represents a 30% increase compared to the previous financial year, a clear indicator of growing confidence in the quality of training offered.

#### **Enrolment and Academic Progress**

Trainees successfully completed their programs and graduated, a testament to the commitment of our trainers and the resilience of our learners.

#### **Infrastructure and Resources**

We made notable progress in improving learning infrastructure. Renovation works were completed in the institution, ensuring a safer and more conducive environment for hands-on-training.

Despite these strides, challenges persist. The institution continues to face shortages in modern training tools and equipment in some departments. We are actively pursuing partnerships and grant opportunities to bridge these gaps.

#### **Financial Performance and Management**

The institution operated within a carefully managed budget, with income sourced primarily from government capitation, student fees, and donor support.

While capitation disbursements were delayed in some quarters, prudent financial management and prioritization allowed us to meet critical obligations without compromising service delivery.

#### **Staff Development and Welfare**

Our staff remains our most valuable asset. Staff welfare was also improved through regular engagement and support mechanism.

#### **Challenges**

Key challenges included

- Delayed funding.
- Inadequate modern equipment's.
- High dropout rates.

To address these, we strengthened community outreach and guidance programs, established a bursary support committee, and engaged stakeholders for resource mobilization.

**Nguruki VTC**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**


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**Way Forward**

Looking ahead, Nguruki VTC is committed to:

Expanding industry linkages for industrial attachment and job placement.  
Seeking more development partners and grant opportunities.

In conclusion, I sincerely thank the Board of Management, our dedicated staff, partners, and all stakeholders for their unwavering support. Together, we shall continue empowering youth with skills that transform lives and communities.



Beatrice Mutembei  
Manager

## Nguruki VTC

### Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

#### 7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Quality Of Teaching And Learning	Ensure high standards in curriculum delivery, teaching methods and learning resources	Use of updated training materials and technology	Monitor and evaluate learner performance and training outcomes	Learner pass rate increased from 72% to 80% year on year
Infrastructure and resource optimization	Provide Safe, modern and well-equipped training facilities	ICT integration in training delivery	Establish ICT infrastructure to Support blended and online learning	ICT infrastructure upgraded
Access and Equity	Improve access to vocational training for disadvantaged and marginalized groups	Number of learners with disabilities supported	Translate learning materials into multiple local languages	Training materials were translated into local languages to enhance inclusivity

## 8. CORPORATE GOVERNANCE STATEMENT

At Nguruki vocational training centre (MVTC), we are committed to upholding the highest standards of corporate governance. Our governance practices are designed to promote accountability, transparency, integrity and the effective oversight of institutional operations. This statement outlines our approach and commitment to good governance in accordance with relevant laws, policies and best practices.

### 1. Existence of a Board Charter.

Nguruki Vocational Training Centre operates under a comprehensive Board Charter that outlines the mandate, structure, roles and responsibilities of the Board. The charter serves as a guiding document that ensures clarity in governance and promotes effective decisions-making. It is reviewed periodically to align with evolving governance requirements and institutional needs.

### 2. Appointment and Removal of Board Members

The appointment and removal of Board members follow a structured and transparent process anchored in our institutional constitution and relevant regulations. Appointments are based on merit, experience and alignment with the strategic goals of the Centre. Members may be removed through a formal process in cases of misconduct, non – performance, or conflict of interest, subject to due process and governance protocols.

### 3. Succession Planning

Nguruki vocational training centre has in place a formal succession plan to ensure continuity in leadership. The plan identifies critical roles and potential successors, and incorporates mentoring and professional development. It also provides for emergency succession in the event of sudden or unexpected vacancies.

### 4. Roles and Functions of the Board.

The board provides strategic direction, ensures financial sustainability, oversees risk management and evaluates the performance of the Centre's leadership. It is responsible for policy formulation, monitoring institutional performance and ensuring compliance with legal and ethical standards.

### 5. Board Meeting and Attendance

In the fy 2024-25, the board convened four ordinary meeting and two special meetings. Board members are required to attend a minimum of 75% of meetings annually. Attendance records are maintained and the average attendance rate in FY 2024-25 was 92% indicating a high level of commitment

### 6. Conflict of Interest

All board members are required to disclose any real or perceived conflicts of interest at the beginning of each meeting. Nguruki Vocational Training Centre has a conflict of interest

## 9. MANAGEMENT DISCUSSIONS AND ANALYSIS

### **Introduction**

Nguruki Vocational Training Centre is a continuous ongoing Institution. The year 2024 saw development in various areas. Together with development there were also challenges, however in spite of these we are determined to push on and develop the institution to aerator light of development to prepare the young people for practical future levels.

### **Academic progress**

During the year in question 2024/2025, it had good performance of our students in academic area. The good performance was possible due to assistance from stakeholders. The stakeholders included:

(i) County Government of Tharaka Nithi.

(ii) Cooperative Bank and KCB

The trainee performed well, out of 100 candidates they all passed their exams.

These accomplishments reflect the dedication of our instructors and especially the manager and the hard work of our trainees.

### **Holistic Development**

Beyond the academics we have continued to foster an environment that promote holistic development of every trainee.

The extracurricular programs in sports and clubs has flourished with trainee achieving recognition at local levels.

### **Infrastructure and facilities**

The Board of management under guidance of County Government of Tharaka Nithi has guided in improvement of infrastructure facilities

These developments are part of our strategic plan to ensure our facilities support modern and inclusive learning environment.

### **Staff and Leadership**

Our dedicated team of staff are the backbone of our school. We have invested in continuous professional development and are proud of the collaborative culture that has grown within our school community.

I extend my deepest appreciation to our leadership team for their strategic direction and commitment to excellence.

### **Community and values**

Nguruki Vocational Training Centre remains a community rooted in strong values. We have strengthened partnership with parents and broader community.

**Nguruki VTC**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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**Looking ahead**

As we look to the future we remain committed to continuous improvement. Our priorities for coming year include

- (i) Construction of a boys Trainee Dormitory
- (ii) Kitchen
- (iii) Administration block
- (iv) 2 classrooms
- (v) Increase enrolment from current 200 to 400

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT**

At Nguruki VTC, we recognize our responsibility to operate in an environmentally and socially responsible manner. Our Environmental and Sustainability Reporting Statement outlines our commitment to reducing our environmental footprint, enhancing resource efficiency, and fostering sustainable practices across all areas of our business operations.

### **Commitment to Sustainability**

We are committed to integrating sustainability into our core business strategy and decision-making processes. This commitment reflects our belief that long-term success depends on the health and stability of our environment, our communities, and our economy.

We publish annual sustainability reports that provide stakeholders with a comprehensive overview of our progress, goals, and challenges. These reports are independently reviewed where applicable and include measurable targets and performance metrics.

### **Continuous Improvement**

Sustainability is a journey. We engage with employees, customers, suppliers, and community partners to improve our environmental practices continuously. We invest in research, innovation, and training to ensure our operations contribute positively to a sustainable future.

### **Employee welfare**

The VTC policy on employee welfare is guided by the Project manual as outlined by the Directorate of Occupational Safety and Health Services (DOSHS). Through DOSHS the CCU carried out a risk assessment and all contractors are required to obtain a workplace registration certificate in addition to insurance cover for the workers.

### **Community Engagements**

The VTC has ensured that stakeholder engagements are appropriate, effective, meaningful and meet the expected objectives. Community engagement activities are preceded by an analysis of the proposed project, its context, and potential impacts, who the relevant stakeholders are, and followed by genuine consideration of stakeholders' views and concerns in decisions related to project planning design, and implementation. Stakeholder consultation was implemented through a systematic approach, and the process should started as early as possible in the project cycle. The timing of consultation events and how they were coordinated with various project milestones were carefully mapped out, so delays or inadequate consultation do not turn into bottlenecks

**11. REPORT OF 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 Nguruki VTC affairs.

**Principal activities**

The principal activities of the entity is training technical skills

**Results**

The results of the entity for the year ended June 30, 2025 are set out on page 1-5

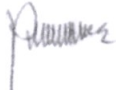
**Board of Management**

The members of the Board who served during the year are shown on page V. During the year 2024/25 no director retired/ resigned during the year.

**Auditors**

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

By Order of the Board

Sign-  -----  
Beatrice Nkatha  
**Secretary of the Board**

**12. STATEMENT OF BOARD MANAGEMENT RESPONSIBILITIES**

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

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

The Board of Management accept responsibility for the Nguruki TVT 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 St. Peters TVT financial statements give a true and fair view of the state of TVT transactions during the financial year ended June 30, 2025, and of the TVT financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for the Nguruki TVT, which have been relied upon in the preparation of the Nguruki TVT financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

Nguruki VTC Financial Statements were approved by the Board on 12<sup>th</sup> August 2025 and signed on its behalf by:



.....

**Antony Pascal Mugendi**  
**Chairperson of the Board**



**Beatrice Mutembei**  
**Principal/Manager**

# REPUBLIC OF KENYA

Tel: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON NGURUKI 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 statement;
- 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 Nguruki Vocational Training Centre set out on pages 1 to 20, which comprise of the statement of financial position as

at 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 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 Nguruki 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, computers, inventory, plant and machinery were not valued, recorded in an asset register and disclosed in the financial statements. In addition, the ownership documents of the land on which the Training Centre operates was not provided for audit verification.

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

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

#### **Emphasis of Matter**

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

The statement of comparison of budgeted and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.4,400,000 and Kshs.3,366,415 respectively, resulting to an under-funding of Kshs.1,033,585 or 23% of the budget. However, the Institution spent a balance of Kshs.3,381,484 against actual receipts of Kshs.3,366,415 resulting to over-utilization of Kshs.15,069 or 1% of actual receipts.

The under-funding 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 other key audit matters to report in the year under review.

### **Other Information**

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

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 of conclusion**

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

The statement of financial performance reflects an amount of Kshs.3,366,415 and Kshs.3,381,484 in respect of total receipts and payments respectively. However, during

the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

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

In the circumstances, Management was in breach of law.

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.

## **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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis of conclusion**

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**


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

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

systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**03 December, 2025**

**Nguruki VTC**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	FY 2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	1,800,000
<b>Total Revenue from non-exchange transactions</b>		<b>1,800,000</b>
<b>Revenue from Exchange transactions</b>		
Fees from students	7	1,566,415
<b>Revenue from Exchange transactions</b>		<b>1,566,415</b>
<b>Total Revenue</b>		<b>3,366,415</b>
<b>Expenses</b>		
Use of goods and services	8	2,408,284
Repairs and maintenance	9	787,000
Employee costs	10	186,200
<b>Total Expenses</b>		<b>3,381,484</b>
<b>Net surplus/(deficit) for the year</b>		<b>(15,069)</b>

Nguruki VTC Financial Statements were approved on **12<sup>th</sup> August 2025** and signed by:



Anthony Pascal Mugendi  
Chairman of the Board



Beatrice Mutembei  
Principal / Manager



CPA Judith Muthoni  
Chief Accountant  
ICPAK No. 21856

Nguruki VTC

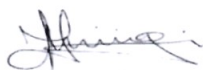
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

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15. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2025

Description	Notes	FY 2024/2025
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	11	1,027
<b>Total Current Assets</b>		<b>1,027</b>
<b>Total Assets</b>		<b>1,027</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Total Current Liabilities</b>		
<b>Net Assets</b>		<b>1,027</b>
<b>Represented By:</b>		
Accumulated Surplus		1,027
Capital Fund		-
<b>Total Net Assets</b>		<b>1,027</b>

Nguruki VTC Financial Statements were approved on 12<sup>th</sup> August 2025 and signed by:



Anthony Pascal Mugendi  
Chairman of the Board



Beatrice Mutembei  
Principal / Manager



CPA Judith Muthoni  
Chief Accountant  
ICPAK No. 21856

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

Description	Accumulated Surplus	Capital	Total
		Grants/Fund	
<b>At July 1, 2024</b>			
Revaluation gain			
Surplus/(deficit) for the year			
Capital grants received during the year			
<b>At June 30, 2025</b>			
<b>At July 1, 2024</b>	<b>16,096</b>		<b>16,096</b>
Surplus/(deficit) for the year	(15,069)		(15,069)
Capital grants received during the year			
<b>At June 30, 2025</b>	<b>1,027</b>	<b>0.00</b>	<b>1,027</b>

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

Description	Note	FY 2024/2025
		Ksh
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from County Government	6	1,800,000
Fees from students	7	1,566,415
<b>Total Receipts</b>		<b>3,366,415</b>
<b>Payments</b>		
Use of goods and services	8	2,408,284
Repairs and maintenance	9	787,000
Employee costs	10	186,200
<b>Total Payments</b>		<b>3,381,484</b>
<b>Net Cash Flows from operating activities</b>		<b>(15,069)</b>
<b>Cash flows from investing activities</b>		
<b>Net cash flows used in investing activities</b>		<b>0</b>
<b>Cash flows from financing activities</b>		
<b>Net cash flows used in financing activities</b>		<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(15,069)</b>
Cash & Cash equivalents at the beginning (1 <sup>st</sup> July 2024)		16,096
Cash & Cash equivalents at the end. (30 <sup>th</sup> June 2025)	11	<b>1,027</b>

Nguruki VTC

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2025

Description	Original budget	Adjustments	Final	Performance difference	Utilization Difference	
			Budget			
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
<b>Receipts</b>						
Transfers from County Government	2,000,000	500,000	2,500,000	1,800,000	700,000	72%
Fees from students	1,700,000	200,000	1,900,000	1,566,415	333,585	82%
<b>Total Receipts</b>	<b>3,700,000</b>	<b>700,000</b>	<b>4,400,000</b>	<b>3,366,415</b>	1,033,585	77%
<b>Payments</b>						
Use of goods and services	2,600,000	100,000	2,700,000	2,408,284	291,716	89%
Employee costs	200,000	50,000	250,000	186,200	63,800	74%
Repairs and maintenance	800,000	100,000	900,000	787,000	113,000	87%
<b>Expenditure</b>	<b>3,600,000</b>		3,600,000	<b>3,381,484</b>	218,516	94%
Capital Expenditure payments	300,000		300,000		300,000	0%
<b>Total Expenditure</b>	<b>3,900,000</b>		3,900,000		3,900,000	0%
<b>Surplus</b>	<b>(200,000)</b>		(200,000)		(200,000)	0%

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Nguruki VTC is established by and derives its authority and accountability from Technical and Vocational Education and Training (TVET) Act, 2013. The VTC is wholly owned by the County Government of Tharaka Nithi

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present

Standard	Effective date and impact:
	information on right of use assets and lease liabilities.
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> 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 <b>depreciation of such assets to cease and:</b> Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> 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 <b>infrastructure assets.</b></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> 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 <b>the current operational value.</b></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange</p>

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Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

**Rendering of services**

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

**Sale of goods**

## Nguruki VTC

### Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

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

#### **Interest income**

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

#### **Rental income**

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

#### **b) Budget information**

The original budget for FY 2024/2025 was approved by the Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of *Kshs. 200,000* on the FY 2024/2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget

#### **c) Taxes**

##### ***Current income tax***

The entity is exempt from paying taxes

##### ***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated

impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

***Financial assets***

***Classification***

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortised cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual

## **Nguruki VTC**

### **Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

#### **Subsequent measurement**

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

#### **Amortized cost**

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

#### **Fair value through net assets/ equity**

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity.

#### ***Financial liabilities***

**Classification**

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

**j) Inventories**

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

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

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

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

**Inventories (Continued)**

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

**k) Provisions**

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

**Contingent liabilities**

## Nguruki VTC

### Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

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Nguruki 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*

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

#### **l) Social Benefits**

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

#### **m) Service concession arrangements**

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

#### **n) Cash and cash equivalents**

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

**o) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. This been the first set of financial statements there was no comparative figures.

**p) Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**6. Transfer from the County Government**

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Description	FY 2024/2024
	Kshs
Capitation Grants	1,800,000
<b>Total Government Grants and Subsidies</b>	<b>1,800,000</b>

**7. Fees from Student**

Description	FY 2024/2025
	Ksh
Tuition Fees	1,566,415
<b>Total Fees from students</b>	<b>1,566,415</b>

**8. Use of Goods and Services**

Description	FY 2024/2025
	Ksh
Teaching and learning materials	1,311,120
Electricity	79,000
Boarding Facility	740,460
Examination fees	195,050
Printing and stationery	60,000
Bank charges	1,654
<b>Total Amount</b>	<b>2,387,284</b>

**9. Repairs and Maintenance**

Description	FY 2024/2025
	Ksh
Furniture and fittings	787,000
<b>Total Amount</b>	<b>787,000</b>

**10. Employee Cost**

Description	FY 2024/2025
	Ksh
Salaries and wages	186,200
<b>Employee Costs</b>	<b>186,200</b>

**11. Cash and Cash Equivalent**

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	<b>2024/2025</b>
	<b>Ksh</b>
Capitation Account	1,027
Operations Account	-
<b>Total Cash and Cash Equivalents</b>	<b>1,027</b>

## 12. Financial Risk Management

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

### (i) Credit risk

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

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

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

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

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

### (ii) Liquidity risk management

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

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

**(iii) Market risk**

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

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

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

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

**a) Interest rate risk**

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

***Management of interest rate risk***

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

**iv) Capital Risk Management**

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

**13. 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.

**14. County Government of Tharaka Nithi**

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

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

**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 Shilling (Ksh) and the values are rounded off to the nearest shilling.



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