

REPUBLIC OF KENYA

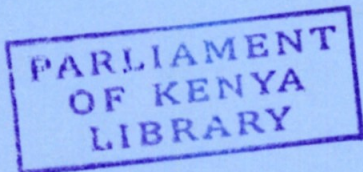


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

RUBATE VOCATIONAL TRAINING
CENTRE

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

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 08 APR 2026

DAY:
used

TABLED
BY:

Abu. Samuel chepkwange

CLERK-AT
THE-TABLE:

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RUBATE VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2025

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

COUNTY GOVERNMENT OF THARAKA NITHI COUNTY TREASURY



Telephone: 1513

Email: treasury@tharakanithi.go.ke

REF: TNC/FIN/RVTC/Vol. I/01



P. O. BOX 10-60406

KATHWANA

Date: 20th August 2025

The Auditor General
Embu Hub
P.O. Box 113 – 60400
EMBU

RE: RUBATE 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 Rubate Vocational Training Centre Report and Financial Statements for the year ended 30th 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
- Office of the Controller of Budget

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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

Rubate Vocational Training Centre is a public institution located in Rubate location Tharaka Nithi County, Kenya. The institution was started in the year 2017 and registered in the year 2019 under the registration number TVETA/PUBLIC/VTC/0123/2019.

The institution is owned by Tharaka Nithi County Government and is Institution is registered under Technical and Vocational Education and Training Authority (TVETA)

Rubate VTC offers NITA-Accredited Grade 111 certificate courses in; Masonry, Hair dressing, Garment making, plumbing and electrical courses. It has a student capacity of 58

(b) Principal Activities

Mission: To empower, promote, mentor and equip youth with relevant knowledge and technical skills for self-reliance that will lead to national and global development.

Vision: To be a global competitive entrepreneurial and life skill vocational training centre

Motto: Technical skills key to success.

Core objective:

- (i) To equip individuals with practical skills and technical knowledge required to performs specific jobs in the labour market.
- (ii) To promote self-reliance and support economic development by bridging the gap between education and labour markets needs.

(c) Key Management

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

SN.	Name	Position
1.	Rose Ndwiga	Manager / Principal
2.	Ann Ngugi	Head electrical department
3.	Mike Karani	Head masonry department
4.	Betty Mwende	Head hairdressing/beauty department

(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.	Hamilton Mutembei	Chairman BOM
2.	Rose Ndwiga	Acting Manager
3.	Alfred Nthia	Vice chairman BOM

(e) Fiduciary Oversight Arrangements

- Procurement committee
- To procure, evaluate and inspect materials tools equipment in the institution.




(f) Entity Headquarters

P.O.BOX 38-60400 Chuka
 Rubate VTC
 Rubate Market
 Kangoro/Ikuu road
 Tharaka Nithi, KENYA

(g) Entity Contacts

Telephone: (254) 723053034
 E-mail: Rubatevtc9@gmail.com

3. THE BOARD OF MANAGEMENT

Member/ Director	Details
 <p>Hamilton Mutembei (BOM Chair) Retired Headteacher</p>	<p>DOB - 25 July 1962</p> <p>Trained teacher job group M</p> <p>Senior approved teacher with an experience of 36 years in teaching and headteacher in primary school</p> <p>Retired senior teacher.</p>
 <p>Alfred Nthia (BOM Vice Chair) Retired Headteacher</p>	<p>DOB -1949</p> <p>Trained teacher job group L</p> <p>Approved teacher with an experience of 30 years in teaching and headteacher.</p> <p>Retired approved teacher.</p>
 <p>Rose Ndwiga (Secretary/Manager) Diploma in Technical Education</p>	<p>Done a diploma in fashion design and a diploma in technical education management option.</p> <p>Has an experience of 14 years both in teaching and management</p> <p>Serves as acting manager/secretary to the board of management</p> <p>Serves as the fashion design/ garment making instructor</p>

(h) **Entity Bankers**

Co-operative Bank of Kenya
P.O Box 38
Chuka

Equity Bank
P.O Box 38 Chuka
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

4. KEY MANAGEMENT TEAM

SN.	Member/ Director	Details
1.	 <p>Rose Ndwiga (Secretary/Acting manager Diploma in Technical Education</p>	<ul style="list-style-type: none"> -Oversees daily operations, ensuring they align with vocation goals -Staff management -Manages budgets and monitors expenditures -Policy implementation. -Reporting to Bom -Ensuring discipline is maintained in Vtc -Maintaining official records including minutes, resolutions and legal documents -Organizes board meetings and logistics
2	 <p>Ann Ngugi Acting Deputy Manager</p>	<p>Discipline master Diploma in electrical Experience -6 years in instructing technical institution.</p> <p>Head electrical department</p>
3	 <p>Mike Karani</p>	<p>Diploma in building technology 2 years in teaching vocational training centre</p> <p>Guidance and counsellor Head masonry department</p>
4	 <p>Betty Mwende</p>	<p>Incharge of kitchen qualification Grade 111 NITA trade test 1st class Experience -2 years instructing vocational training centre</p> <p>Head hairdressing/beauty depart</p>

5. CHAIRMAN'S STATEMENT

It is with great pride and gratitude that I present this statement summarizing the key activities, achievement, challenges and strategic direction of Rubate VTC over the past years.

Key activities and achievements during the year.

During the years under review Rubate VTC continued to fulfil the mandate of providing accessible quality and market driven vocational education. Notable highlights include:

- Increased enrolments in girl and boy child. 15% increase with a notable rise in both genders.
- Expanded course offering: there is an introduction of new course in electrical installation in response to demand in labour market.
- Infrastructure development: completion of construction of masonry and boy's dormitory.
- Staff development; successful training workshop digital learning

Challenges faced

- High rate of drop out due to lack of school fees and rather poor background.
- Early marriages and pregnancies in girl child.
- Technological gaps: digital learning was slowed down due to poor and lack of internet
- Lack of exposure; trainees from marginalized areas fail to get jobs or self-employment.

Way forward

- Encouraging trainees and parents to be applying for bursary funds
- Offering guidance and counselling in order to understand the importance of completing their courses before marriage.
- Digital transformation to invest in ICT infrastructure in order to support blended learning and enhanced digital literacy.

In closing I extend my heart felt appreciation to the board of management, dedicated staff, trainees and all stake holders for their unwavering support. Together we will continue to equip our youth with skill values and opportunities they need to transform their lives and contribute to meaningfully to national development.

Sincerely

Sign



Hamilton Mutembei

Chairman, BOM

Date. 16th July 2025

6. REPORT OF THE PRINCIPAL/MANAGER

I am pleased to present this manager's statement highlighting the key activities, manager accomplishments, challenges encountered and strategic direction for Rubate VTC during the past years.

Key activities and achievements

- Industry linkages; Strengthens collaboration with local businesses to offer industrial attachments, internship and mentorship to our trainees.
- Infrastructure; Upgrades classrooms and expanded dress making department and equipping it.
- Trainees' enrolment growth; Trainees enrolment increased by 15% reflecting growing confidence in our training and reputation in our region.
- During the years we offered courses like Electrical, masonry, hair dressing and garment making.
- 80% of the students enrolled over the years, graduated and did their final exams with NITA Examination body.
- Most of the students got employed both in public and private sectors and others started their private businesses.
- Over the years, the institution employed more qualified instructors who had attained Diploma levels.
- The institution received donations from the county 1st lady in order to improve tailoring and garment making class.
- Over the years the trainees did a market clean up at Rubate market as a way of giving back to the community.
- Over the years the trainees had an Tujiajili Programmes to train them on Digital marketing and Free lancing

Challenges

- Some students dropped out of school due to lack of school fees and early marriages
- In the year there was low turn up in admission as there were 100 transitions from primary to secondary school,
- Limited funding constrained the expansion of workshops and upgrading equipment's
- Introduction of free tvet education courses being sponsored by Kcb foundation in few vtc where by trainees are not paying fees and examination.
- Lack of knowledge some parents/guardians don't see the importance of supporting their boys and girls to enrol in vtcs.
- Lack of girl's dormitory and so students from far places don't enrol.
- Lack of digital learning materials and equipment like Wi-Fi installation and computers.
- Majority of form four leavers prefer joining institutions of higher learning like technical institutes and colleges so that they can be given Helb

Future Outlook

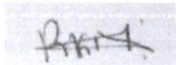
- There was need of introducing new courses in the vocation like welding and food and beverage.
- There was need of installing WIFI and purchasing computers for training.
- Create awareness in both parents and training on importance of vtc and courses offered by attending chief barazas.
- Strengthen partnership with employers for more internships and job placement opportunities.
- Try to source for funds from county in order to construct girl's dormitory.
- Apply for accreditation from tvet authority and seek additional funding sources.

Conclusion the past years have shown critical role vocational education yin transforming lives and strengthening the work force.

I thank our staff, parents and community at large for their continued support and commitment.

Together we will continue to uplift our trainees and contribute to national development through skills training.

Sincerely,



Rose Ndwiga

Acting Manager

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Rubate vocational training centre (RVTC) has 2 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024/25- FY 2025/26. These strategic pillars are as follows:

Pillar/ theme/issue 1: Infrastructure and Resource development

Pillar/ theme/ issue 2: Industry Linkages and employability

Rubate vocational training centre (RVTC) develops its annual work plans based on the above 2pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Rubate vocational training centre (RVTC) achieved its performance targets set for the FY 2024/25 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure and Resource development	Provide Safe, modern and well-equipped training facilities	Upgraded and equipped classrooms	Upgraded and equipped the dress making department	Improved learning environment and increased enrolment
Industry Linkages and employability	Ensure employability	Collaboration with local industries	Organised attachment placement	Higher graduate employment rates

8. CORPORATE GOVERNANCE STATEMENT

1. Board Charter

The Board of charter of Rubate VTC spells the composition of principal functions, responsibility and roles of the board of management of the Vocational, as well as responsibilities delegated and board committees.

The process of appointment includes nomination panel composed of:

- Sub county youth training officer
- Manager
- Sponsor(church)
- Local area chief
- Community leader from the office of MCA.
- Local county ward administrator

The panel selects and appoints people on the basis of their knowledge and experience on the following:

- Leadership and management
- Financial management
- Technology
- Industry
- Engineering
- Information communication technology

The removal of board members: There are bylaws that need to be followed when removing a board member, for instance:

- Failure to attend three consecutive meetings
- Breach of judicial duties
- Conflict of interest not disclosed
- Loss of confidence by other board members.

Succession plan- It ensures the leadership continuity and organizational stability when key board members, executives or management staff leave.

The objectives of succession plan are:

- Ensuring smooth leadership transitions
- Minimize disruption to training programs and operations

- Protect the centres mission, reputation and stakeholders' confidence.

The key positions include:

- Board chairperson
- Vice chairperson
- Secretary
- Co-opted member
- Centre manager

Roles and functions of the board- Its to focus on governance, oversight and strategic direction rather than day to day operations.

The roles of the board of Rubate VTC are:

- Governance and oversight
- Ensuring the centre adheres to its mission, vision and values
- Uphold legal, regulatory and ethical standards
- Oversee risk management and institution integrity
- Strategic direction
- Approve long-term plans and strategic goals
- Monitor performance
- Ensure training programs align with industry needs and community
- Financial oversight
- Approve budgets and major expenditures
- Oversee financial reporting and audits
- Safeguard assets and ensure sound financial management
- Fundraising support, including donor engagement and resources mobilization

The number of board meetings held- The number of meetings recommended is three times per year for the VTC board of management and for the executive they bare held as special meetings on urgent matters, crisis management and major decision making for the institution.

Documentation is kept by keeping minutes of every board meeting, following the agenda and ensuring the action items are recorded.

Conflict of interest: This occurs when a board member`s personal, financial or professional interests could improperly influence their decision on behalf of the organization.

Some common conflicts of interest include:

- Making decision that benefit a board members business or employment
- Using confidential information gained through board for personal gain.

Attendance of board members at meetings: board members attendance is critical for good governance, accountability and effective decision making.

The recommended attendance standards are as follows;

- Minimum attendance expectation- board members should attend at least 75% of scheduled meetings annually.
- Absenteeism policy- absent for three consecutive meetings without valid reasons should be removed from the board

The valid reasons for absence are:

- Medical emergencies
- Official engagement with prior notice
- Family emergencies

Induction and training

Proper induction and ongoing training equip board members with knowledge, skills and understanding needed to fulfil their governance roles effectively.

Its purpose is to familiarise new board members with the centres mission, governance structures, operations and expectations.

Board and members performance.

Effective governance depends on both the collective performance of the board and individual commitment of its members.

Board performance.

The board is accountable for the overall success of vocational training centres governance and strategic oversight.

Key performance areas

- Strategic oversight-Ensure centres mission and goals are being pursued effectively
- Financial stewardship-monitor budgets, audits and ensures resources are used responsibly
- Governance and policy making-establishes sound policies, approves key decisions and ensure compliance with laws
- Provide support and oversight without interfering in daily operations.
-

Individual board member performance

Each member contributes to the boards effectiveness by fulfilling personal governance responsibilities.

The key expectations are:

- Regular attendance of meetings by actively participating and coming prepared
- Provide thoughtful input and work collaboratively
- Stay informed on governance trends and vocational training issues.

Board remuneration

Board members serve on a voluntary basis and do not receive remuneration for their governance role and this maintains independence, avoids conflicts of interest and upholds public trust.

Board members are only given a reimbursement of expenses like transport that have proper documentation.

Ethics, code of conduct and governance audit

Board ethics and code of conduct

The board is expected to uphold the highest standards on integrity, transparency and accountability in the service of vocational training centre.

Key ethic principles include:

- Integrity-act honestly and in the best interest of vocational training centre
- Transparency-making decisions openly and avoiding secrecy
- Accountability-being answerable for actions and decisions
- Confidentiality-respecting sensitive information
- Conflict of interest management-disclose and manage any personal interests

- Respect and professionalism: treat fellow members, staff and stakeholders with respect;

Code of conduct

- Act in the centres best interest
- Avoid using position for personal gain
- Disclose conflicts of interest promptly
- Attend and participate actively in the board meetings
- Respect board decisions
- Uphold centres values and public reputation

Governance audit

It's a formal review of the boards structures, policies and practices to ensure alignment with good governance standards

A. Board responsibilities

- . Approve the centres strategic plan, policies, and major initiatives.
- . Review and approve the annual budget and monitor financial performance.
- . Appoint, evaluate, and support the Executive Director or centre head.
- . Ensure compliance with laws, regulations and ethical standards.
- . Monitor training quality and student outcomes.
- . Promote transparency and stakeholder engagement.

B. Individual Board Members

- . Act in the best interests of the centre.
- . Maintain confidentiality and avoid conflicts of interest.
- . Prepare for and actively participate in Board meetings and activities.

5. Meetings

- . **Frequency:** The board meets at least once per term.
- . **Quorum:** A quorum consists of eleven members.
- . **Decision-making:** Decisions are made by a majority vote of members present.
- . **Minutes:** Minutes are recorded and approved at subsequent meetings.

6. Committees

The Board establishes committees needed to support its functions. Each committee operates under terms of reference approved by the board.

7. Code of conduct

Board members adhere to a code conduct that promotes integrity, respect, accountability and stewardship.

8. Amendments

This charter is amended by a two-thirds majority vote of the board, subject to any applicable legal or regulatory requirements.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Rubate Vocational Training Centre the school has strengthened its commitment to empowering youth and adults with practical employable skills. Some of the key activities are;

- Expansion of our vocational training course e.g. digital literacy and competence based training
- Hiring of more qualified trainers
- Industrial attachment placement to enhance employability

Achievements

We celebrate notable achievement like increased enrolment, high graduate employment rates and increased number of graduates who pass exams

Challenges

Despite our successes, we continue to face several challenges that require attention.

- Limited funds infrastructure and development
- Lack of digital learning materials

Future Outlook

Looking ahead we remain optimistic and focused on building a strengthen institution by seeking partnership with private sector stakeholders and NGO's, introducing new market for relevant courses and upgrading facilities and digital infrastructure.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

At Kieganguru VTC, we recognize our responsibility to operate in an environmentally and socially responsible manner. As part of our commitment to Kenya's Vision 2030, the Green Economy Strategy, and the Sustainable Development Goals (SDGs) — particularly Goal 4 (Quality Education) and Goal 13 (Climate Action) — we have taken deliberate steps to ensure our operations and training programs support a cleaner, greener, and more resilient future.

Commitment to Sustainability

We are committed to integrating sustainability into our core business strategy and decision-making processes such as

- Promoting efficient water and energy use across campus
- Implementing waste segregation and management practices
- Reducing paper use through digital records and communication
- Rubate market clean up

Continuous Improvement

Sustainability is a journey we walk by integrating environmental and sustainability topics into our training curricula and sensitizing trainees on the importance of resource conservation, climate resilience, and green technologies

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 start 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 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 Rubate VTC affairs.

Principal activities

The principal activity of the entity is training technical skills

Results

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

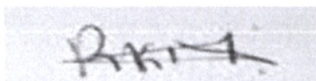
Board of Management

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

Auditors

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

By Order of the Board



.....

Secretary of the Board
Date: 16th July 2025

12. STATEMENT OF BOARD OF 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 Rubate VTC at the end of the financial year and the operating results of the VTC for that year. The Board of Management are also required to ensure that the VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the VTC. The Board of Management are also responsible for safeguarding the assets of the Rubate VTC.

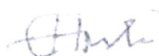
The Board of Management are responsible for the preparation and presentation of the Rubate VTC financial statements, which give a true and fair view of the state of affairs of the VTC for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate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

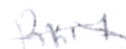
In preparing the financial statements, the Principal/Manager has assessed Rubate VTC ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that the VTC will not remain a going concern for at least the next twelve months from the date of this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

Approval of the financial statements

Rubate VTC financial statements were approved by the Board on 12th August 2025 and signed on its behalf by:



.....
Hamilton Mutembei
Chairperson of the Board



.....
Rose Ndwiga
Acting Manager

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON RUBATE 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 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 Rubate 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, 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 Rubate Vocational Training Centre 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 Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Non-Disclosure of Property, Plant and Equipment

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

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rubate 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.700,000 and Kshs.548,950 respectively, resulting to an under-funding of Kshs.151,050 or 50% of the budget. The Centre spent Kshs.479,513 against actual receipts of Kshs. 548,950, resulting to an under-utilization of Kshs.69,437 or 13% of actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

Review of the documents provided for audit revealed that the Centre had four (4) instructors for the various courses being undertaken at the Institution which included masonry, electrical engineering, hairdressing and beauty and garment making. However, Management did not provide licenses to show that the instructors had been licensed by the TVETA Board to train students contrary to Section 23(1) of Technical and Vocational

Education and Training Act, 2013, which states that any person who intends to become a trainer in an Institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act.

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

2. Lack of Procurement Plan

The statement of financial performance reflect amounts of Kshs.677,350 and Kshs.511,513 in respect of total receipts and payments respectively. However, during the year under review, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Section 45(3) of the Public Procurement and Assets Disposal Act, 2015 which requires that all procurement processes should be within the approved budget of the procuring entity and should be planned by the procuring entity concerned through an Annual Procurement Plan.

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

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

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

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 did not produce any evidence to show that it had constituted an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a County Government entity to assess effectiveness of the Polytechnic through an internal performance appraisal commenting on its effectiveness in the annual report to The County Treasury.

In the circumstances, the effectiveness of oversight role from the internal audit function and the audit committee could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the 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

02 December, 2025

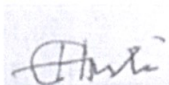
Rubate VTC

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

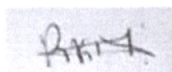
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

Description	Notes	FY 2024/2025
		Ksh
Revenue from non-exchange transactions		
Transfers from the County Government	6	400,000
Total Revenue from non-exchange transactions		400,000
Revenue from Exchange transactions		
Fees from students	7	277,350
Total Revenue		677,350
Expenses		
Use of Goods and Services	8	387,513
Employee costs	9	124,000
Total Expenses		511,513
Net surplus/(deficit) for the year		165,837

Rubate Vocational Training Centre were approved on 14th July 2025 and signed by:



Hamilton Mutembei
Chairman



Rose Ndwiga
Manager

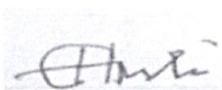


CPA Judith Muthoni
Chief Accountant
ICPAK No. 21856

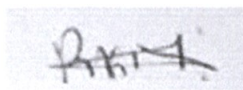
15. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2025

Description	Notes	FY 2024/2025
		Ksh
Assets		
Current Assets		
Cash and cash equivalents	10	79,767
Current portion of receivables from exchange transactions	11	128,400
Total Current Assets		208,167
Total Non-Current Assets		0
Total Assets		208,167
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	12	32,000
Total Liabilities		32,000
Net Assets		176,167
Represented By:		
Accumulated Surplus		176,167
Total Net Assets		176,167

Rubate Vocational Training Centre were approved on 14th July 2025 and signed by:



Hamilton Mutembei
Chairman



Rose Ndwiga
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	
At July 1, 2023			
Revaluation gain			
Surplus/(deficit) for the year			
Capital grants received during the year			
At June 30, 2024			
At July 1, 2024	10,330		10,330
Surplus/(deficit) for the year	165,837		165,837
Capital grants received during the year			
At June 30, 2025	176.167		176.167

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

	FY 2024/2025	
	Note	Ksh
Cash flows from operating activities		
Receipts		
Transfers from County Government	6	400,000
Fees from students	7	148,950
Total Receipts		548,950
Payments		
Use of goods and services	8	387,513
Employee costs	9	92,000
Total Payments		479,513
Net Cash Flows from operating activities		69,437
Net cash flows used in investing activities		0
Net cash flows used in financing activities		0
Net Increase/(Decrease) in Cash and Cash equivalents		69,437
Cash & Cash equivalents at the beginning (1 st July 2024)	10	10,330
Cash & Cash equivalents at the end. (30 th June 2025)	10	79,767

18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR YEAR ENDED 30th JUNE 25

Description	Original budget	Adjustments	Final	Actual on comparable basis	Performance difference	Utilization
	Kshs		Budget			Kshs
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year	-					
Receipts						
Transfers from County Government	400,000		400,000	400,000	0	100%
Fees from students	300,000		300,000	148,950	151,050	50%
Total Receipts	700,000	0	700,000	548,950	151,050	78%
Payments						
Use of Goods and Services	450,000		450,000	387,513	62,487	86%
Employee costs	150,000		150,000	92,000	58,000	61%
Repairs and maintenance	100,000		100,000	0	100,000	0%
Expenditure	700,000		700,000	479,513	220,487	69%
Capital Expenditure payments	0	0	0	0	0	
Total Expenditure	700,000	0	700,000	479,513	220,487	69%
Surplus	0	0	0	69,437		

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Rubate VTC entity is established by and derives its authority and accountability. The entity 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	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p>

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p>

Standard	Effective date and impact:
	This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st 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

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 **Ksh. 400,000** 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 as per schedule .xxx of the .xxx Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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 amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual 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. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

j) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method.

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

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

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

Rubate 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

Rubate VTC 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

Rubate 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

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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 County Government

Description	FY 2024/2025 Ksh
Capitation Grants	400,000
Total Government Grants and Subsidies	400,000

7. Fees from Students

Description	FY 2024/2025 Ksh
Tuition Fees	277,350
Total Fees from students	277,350

8. Use of Goods and Services

Description	FY 2024/2025 Ksh
Teaching and learning materials	220,925
Electricity	4,000
Water	16,200
Examination fees	8,000
Catering, conferences, and delegations	11,200
Travelling and accommodation	51,500
Printing and stationery	73,500
Bank charges	2,188
Total Amount	387,513

9. Employee Cost

Description	FY 2024/2025 Ksh
Salaries and wages	124,000
Total Amount	124,000

10. Cash and Cash Equivalent

Description	FY 2024/2025 Ksh
Current Account Capitation Account	37,297
Operations Account	42,470
Total Cash and Cash Equivalents	79,767

11. Receivables from Exchange transactions

Description	FY2024/2025 Ksh
Current Receivables	
Student Debtors	128,400
Total Current Receivables	128,400

12. Trade and Other Payables from Exchange Transactions

Description	FY 2024/2025 Ksh
Salary Payables	32,000
Total Trade and Other Payables	32,000

13. 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 VTC 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 VTC 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:

14. 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.

15. County Government of Tharaka Nithi

The County Government of Tharaka Nithi is the principal shareholder of Rubate 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

16. Events After The Reporting Period

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

17. Currency

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