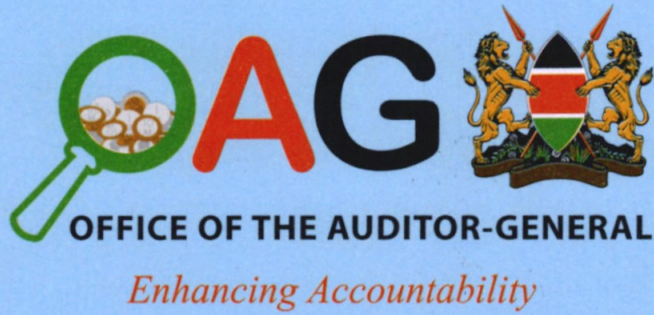


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**KIIRUA VOCATIONAL TRAINING
CENTRE**

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 08 APR 2026

DAY.

Wed

TABLED
BY:

Hon. Samuel Chepkwony

CLERK-AT
THE-TABLE:

Mado



KIIRUA VOCATION 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)

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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 institution was incorporated/ established under the TVET Act 2013, Section 20(1). The entity is domiciled in Kenya, Meru County. The institute is under the TVET and the county government of Meru, under the department of education and training.

(b) Principal Activities

VISION

To Be a Leading Training Institution in Making the Youth to Be Partners in National Development Through Provision of Skills

MISSION

To provide quality education and skills training to the youth for self-reliance

CORE VALUES

Focus on skill development
Excellence
Integrity
Professionalism
Teamwork
Transparency
Health and safety

(c) Key Management

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

- Board of Management
- Centre Manger

(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:

No.	Designation	Name
1.	Centre Manager	Mr Naftaly Mwenda

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

- Audit and risk committee activities.
- Finance and operations committee activities.
- Academic committee activities

(f) Entity Headquarters

P. O BOX 1053 - 60200
Meru,
KENYA

(g) Entity Contacts

Telephone: **+254721876723**
EMAIL: kyppolytechnic@gmail.com

(h) Entity Bankers

- 1) Kenya Commercial Bank
Njuri Chek Street
P.O. Box 178-60200
Meru, Kenya
- 2) Co-operative bank
p.o.box 1328-60200
Meru- kenya

i) Independent Auditors

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

Key Entity Information and Management (Continued)

j) Principal Legal Adviser




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

County Attorney
P.O box 120-60200
Meru.

KIIRUA VTC

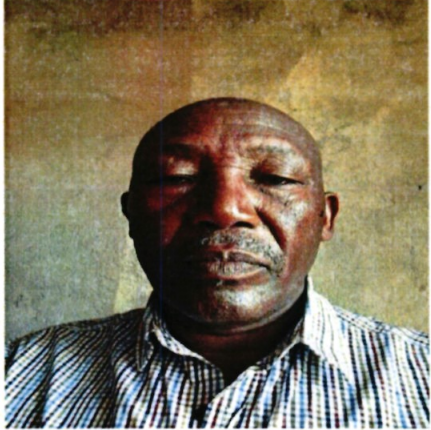


Annual Report and Financial Statements for the year ended 30th June 2025

3. The Board of Management

No.	Member/ Director	Details
1.	 Chairman-Mr. Albert Mwangi	Mr. Albert Mwangi was Appointed to the board as chairperson on 5 th sept 2024. He is a holder of Diploma in nursing. Date of birth -1950
2.	 Mr. Naftaly Mwenda – Secretary to the Board	Mr. Mwenda was transferred as the Centre Manager on 19 th July 2025. He holds a higher diploma in technical Education from Kenya technical teachers collage. Date of birth -1973
3.	 Mr. Michael Igweta -Member	Mr Igweta was appointed as aboard member on 5 th sept 2024.She holds a diploma Agriculture. Date of birth -1980


KIIRUA VTC

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


4.	 Mr. William Kirima	Mr Kirima was appointed as aboard member on 5 th sept 2024.He hold Diploma in Education management. Date of birth -1957
5.	 Ms. Doris Karwitha -Member	Ms Doris was Appointed as A member of the board on 5 th sept 2024. She holds a certificate in business administration. Date of birth -1992
6.	 Mr. Francis Nturibi– Member	Mr Nturibi was appointed as a member of the board on 5 th sept 2024.He holds a diploma in management. Date of birth -1960

KIIRUA VTC

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

7.	 A portrait photograph of a woman with dark hair, wearing a white and black patterned shirt. She is looking directly at the camera with a neutral expression.	<p>Ms Gakii was appointed as a board member 5th sept 2024. She holds a dipolama in business administration. Date of birth -1984</p>
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4. Key Management Team

No.	Member/ Director	Details
1.	 Mr. Naftaly Mwenda -Accounting officer	Mr. Mwenda was appointed as a Manager on 8 th Jan 2018. He holds a higher dipolama in technical Education from KTTC.

5. Chairman's Statement

The centre has moved from having a population of 30 over the years to 150. This increment comes with a lot of demands including infrastructure and tools/equipment. Being that most of our trainees are vulnerable and depends on the county government for support, we appeal that we be considered for infrastructural development. We hope that the county government will prioritise the issue of hiring more competent instructors to meet the ever-growing student's numbers.

Key development projects witnessed in this period include;

Projects

1. Boys dorm completion
2. A new modern gate

Tools & Equipment

Below are some of the tools & equipment procured during the year

1. Tools & Equipment for various departments

Trainee enrolment

Our trainee's enrolment has improved over the years to the current 150 trainees. This was achieved by the BOG's deliberate effort in publicizing the VTC through the use of local community. However the VTC has been affected because of sharing the same compound with Kiirua TTI which has better infrastructure.

Partnerships

Kiirua VTC collaborated with the following public & private partners in the financial year

1. County Government of Meru
2. NG-CDF Buuri Constituency
3. Food for the hungry

Challenges

Some of the challenges faced by Kiirua VTC include

1. Inadequate trainers
2. Insecurity of few tools and equipment in the institution.
3. Inadequate land for future expansion
4. Inadequate workshops & Modern tools & Equipment
5. Difficulty in payment of exams fees

KIIRUA VTC

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

6. Poor attitude of learners to vocational courses hindering improved enrolment.
7. Sharing the same compound with Kiirua TTI.

Way forward

- We look forward to working closely with the local community & security agents
- County government to prioritise infrastructural development in the vtcs.
- More collaboration with public & private partners to assist in financing our projects
- Mobilize local finances to fill the gaps in financing our development projects
- Thorough publicity in the local community to get more students
- Appeal to the County Government for more trainers

Signed:.....



Mr Albert Mwangi

BOM chairperson

KIIRUA VTC

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

6) Report of the Manager

We have 150 trainees. I wish to acknowledge the tremendous efforts by the County Government of Meru in promoting vocational education and training. In the Financial year 2024-2025, the county government of Meru disbursed Ksh. 1,812,000 for the subsidized training program. This enabled the entity to offer tuition with minimal struggle.

Key development projects witnessed in this period include;

- Completion of boys dormitory, and a new gate.

Tools & Equipment

During the financial year, Kiirua VTC procured Instructional materials and tools & equipment.

Partnerships

Kiirua VTC collaborated with the following public & private partners in the financial year

- County Government of Kisumu which remains the main sponsor of the institution
- NG-CDF Buuri constituency. The CDF office offers bursaries to our trainees
- Food for the angry. Offer sponsorship to less fortunate trainees.

Challenges

Some of the challenges faced by KiiruaVTC include

- Inadequate trainers remain the biggest challenge faced by KiiruaVTC; we currently have 4 trainers employed by the county government of Meru which has forced the BOG to employ more trainers. The increased wage bill consumes resources that would otherwise be used in development
- Inadequate land for future expansion. Kiirua VTC is already feeling the challenge of the small compound with no room for expansion.
- Inadequate workshops & Modern tools & Equipment. There is a need for more workshops & modern tools & equipment for the increasing number of trainees
- Difficulty in payment of exam fees. Most of our trainees come from very poor backgrounds and despite getting tuition-free training, they also need assistance with hostel and exams fees.
- Trainee dropouts. Some trainees drop out before sitting final exams due to lack of Examinations fee.

KIIRUA VTC

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

Way forward

- On insecurity, the management will work closely with the local community & security agents to prevent burglary and theft of school properties. More collaboration with public & private partners based within Buuri sub-county will be encouraged to assist in financing our projects. The BOG shall mobilize local finances to fill the gaps in financing our development projects. We shall continue investing in marketing publicity of the VTC to increase enrolment. Finally, we continue to appeal to the County Government of Meru to employ more trainers.

Signed: 

Mr. Mwenda Naftaly

Manager/BOG Secretary

KIIRUA VTC

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

7) Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Kiirua VTC has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020/2021- FY 2025/2026. These strategic pillars are as follows:

Pillar 1: High training standards

Pillar 2: Values, hard work & discipline

Pillar 3: ICT integration

Pillar 4: Partnerships & Collaborations

Pillar 5: Infrastructure development

Kiirua VTC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done quarterly. The VTC achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: High training standards	To ensure that the institution achieves high training standards	-Positive Exams results -Highly skilled Grandaunts	-The staff commits itself to the effective and efficient utilization of resources to achieve high training standards	98% pass in National Exams
Pillar 2: Values, hard work & discipline	To develop an institutional culture of positive values, hard work, and disciplined Trainees	-Low indiscipline cases	-Uphold positive values among trainees & staff -Maintain high standards of discipline in and out of school	-Indiscipline cases reduced by half
Pillar 3: ICT integration	To integrate ICT in teaching and learning	-ICT equipment & Technology used	-Invest resources in Information Communication	50/% integrated

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

			technology across the departments for ICT integrated learning	
Pillar 4: Partnerships & Collaborations	To promote partnership with private and public institutions	Partnerships MOUs	-Sign MOUs with partners	1 MOUs signed
Pillar 5: Infrastructure development	To improve physical facilities and acquire modern tools and equipment	-asset inventory	-Construction of 1 workshop -erection of a modern gate - completion of a 5-door workshop	- 1 workshop constructed - modern gate erected - 5 door workshop completed

KIIRUA VTC

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

8) Corporate Governance Statement

The Kiirua VTC Board of management met three times during the 2024/2025 financial year period.

Key responsibilities of the Board

1. Monitoring performance against strategic objectives
2. Promoting the aims and objectives of the institution
3. Extending links and communication between the centre and the community
4. Resource mobilization
5. Setting strategic aims and objectives
6. Supporting the centre to achieve its mission and vision

Remuneration of members of Board of Governors

Kiirua VTC pays the BOG Chairperson and BOG members 2,000 shillings each respectively every time they attend a board meeting.

Board meetings

The board of governors holds meetings once every quarter to deliberate on issues relating to the centre. Meetings are chaired by the BOG chairperson or the Vice-chair or any member in case of the absence of the two. The board may on its own volition invite a resource person to sit in their board meetings to solicit particular input. Conflict of interest among board members is prohibited by law and members are expected to apply high ethical standards in carrying out their responsibilities.

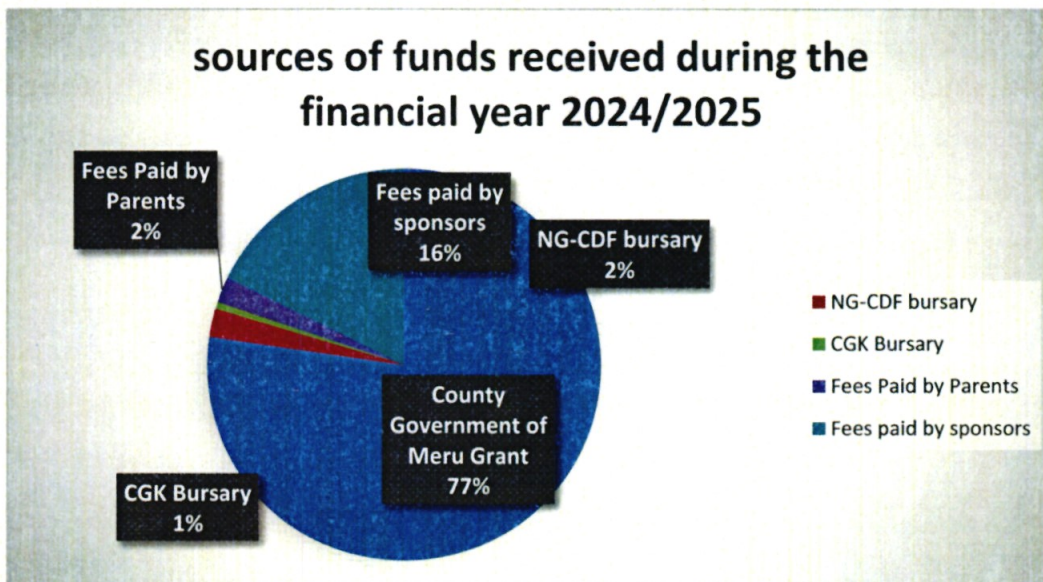
9) Management Discussion and Analysis

Operational and Financial performance

To respond to the prevailing national training needs, Kiirua VTC infused its resources prudently into key areas to achieve the centre’s core objectives. Our day-to-day operations during this period revolved around meeting the needs of our trainees through the provision of quality training, lunch program, trainees’ welfare, trainees’ psychosocial support mechanisms, trainees’ talent development, and linkages with industrial partners.

The institution's main sources of funding are; County Grant, own revenue collected from fees, and donations. The Chart below shows the magnitude of these sources in the period 2024/2025.

Figure 1: sources and magnitude of funds received during the financial year 2024/2025



To meet the needs of our trainees, the management developed key budget lines, all of which are in tandem with guidelines from national government policies. The following were financial vote heads that enabled the centre to fully cover all its training objectives. The vote heads were accorded different weighting in terms of resource allocation.

Figure 2: vote heads for the financial year 2024/2025

The following was the distribution of funds per vote heads in the f/y 24/25

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

Vote Head
Repairs, maintenance and improvement (rmi)
Text books, reference books and training manuals
Instructional and examination materials
Skills competition
Lunch programme
Utilities
Hire of contracted services
Exercise books and stationery
Co – curricular activities

Key projects done

The following are key projects the management executed during this period.

1. Construction of a modern gate
2. Construction of boys dormitory.

Major risks facing the Centre

When the management assessed risk factors that the VTC faces, the following were narrowed down as the major ones;

1. Insecurity
2. Drug & substance abuse among the youth

10) Environmental And Sustainability Reporting Statement

Kiirua VTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

Kiirua VTC is keen to always operate and conduct its business with integrity both in the domain of compliance to statutory laws and pro-activeness in instituting initiatives that promote human rights, help communities, and conserve the natural environment

Environmental performance

We recognize the need to protect the natural environment. It is our policy that every member participates in promoting clean environment approach by reducing, reusing and recycling waste. We endeavour to manage and treat our wastes within the entity.

Employee welfare

Our policy on employee welfare is hinged on three main points namely promoting the health and safety of our employees, supporting diversity and inclusion, and protecting human rights. We also ensure that their welfare is well taken of. We are also dedicated to ensuring that we motivate our employees through non-monetary rewards and continued capacity building.

Market place practices-

Kiirua VTC maintains a clear profile on best market practices by adhering to the following practices;

- a) Transparent and fair treatment of our suppliers during our procurements
- b) Conducting objective advertisement and sensitization campaigns that do not malign the reputation of our competitors
- c) Strict adherence to statutory laws

Corporate Social Responsibility / Community Engagements

The management of Kiirua VTC is acutely aware that the centre does not exist in isolation; it is bound by an environment consisting of both man-made and natural aspects. Cognizant of this, the management reiterates its willingness to observe and propagate community values.

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

11) Report of the Board of Management

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the *entity's* affairs.

Principal activities

The principal activity of the Centre is to provide employability skills training that is relevant to the contemporary market.

Results

The results of the entity for the year ended June 30th 2025 are set out on page the executive areas.

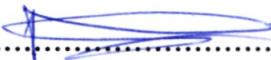
Board of Management

The members of the Board/Council who served during the year are shown on earlier page vi and vii of this report

Auditors

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

By Order of the Board


.....

Secretary of the Board/Council

Date

12) Statement of Board of Management Responsibilities

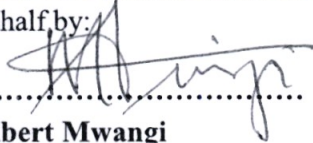
Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the council members to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Council members are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the entity.

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


The Council members accept responsibility for the Kiirua VTC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Council members to indicate that the Kiirua 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

The Kiirua VTC's financial statements were approved by the Board on 30th August 2025 and signed on its behalf by:

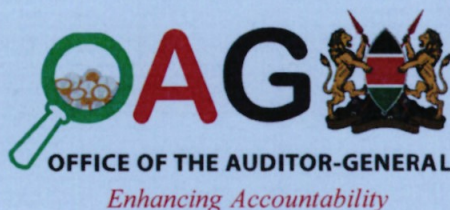

.....
Mr. Albert Mwangi

Chairperson of the Board/Council


.....
Mwenda Naftaly

Accounting Officer/Principal

REPUBLIC OF KENYA



Phone: +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 KIIRUA 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 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 Kiirua Vocational Training Centre set out on pages 1 to 17, which comprise of the statement of financial position as

at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kiirua 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 TVET Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Accounts Receivables

The statement of financial position and as disclosed in Note 12 to the financial statements reflects a balance of Kshs. 1,784,375 as accounts receivables from exchange transactions (student debtors) as at 30 June, 2025. However, a list of student debtors indicating the date and amount of fee arrears, issued invoices and a debtor's ageing analysis were not provided for audit. Further, there was no provision for bad and doubtful debts.

In the circumstances, the existence and recoverability of the accounts receivable balance of Kshs. 1,784,375 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects a nil property, plant and equipment and inventory book value. However, review of documents revealed that despite the training Centre having land of unknown value and size, no efforts have been put in place to acquire land ownership documents and valuation reports. Further, the Institution failed to disclose and insure its library books, buildings, machinery and training equipment. In addition, the entity does not maintain an updated asset register.

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

3. Unsupported Trade and Other Payables Balance

The statement of financial position and as disclosed in Note 13 to the financial statement reflects trade and other payables from exchange transactions balance of Kshs. 198,575 as at 30 June, 2025. However, the creditors ledger and supporting documents such as invoices and contract agreements were not provided for audit. Further, the creditors list showing invoice numbers and dates when the transactions took place was not presented for audit.

In the circumstances, the accuracy and completeness of trade and other payables balance Kshs.198,575 could not be confirmed.

4. Unsupported Revenue - Fees from Students

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects fees from students amounting to Kshs.2,937,140. However, the supporting ledgers indicating the enrolled students name, year of study, registration number and issued invoices were not availed for audit verification.

In the circumstances, the completeness and accuracy of the recorded student fee revenue amount of Kshs.2,937,140 could not be confirmed.

5. Inaccurate Surplus

The statement of cashflows reflects negative increase in cashflows from operating activities amount of Kshs.86 which is at variance with deficit amount of Kshs.192,191 reflected in the statement of comparison of budget and actual amounts resulting in unreconciled and unexplained variance of (Kshs.192,277).

In the circumstances, the accuracy of surplus amount of 86 reflected in the statement of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiirua 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 budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.4,749,140 and Kshs.2,964,765 respectively resulting in an underfunding of Kshs.1,784,375 or 38% of the budget. Similarly, the Centre spent Kshs.3,156,955 against actual receipts amount of Kshs.2,964,765 resulting in an over- expenditure of Kshs.192,223 or 6% of the actual receipts. Further, while the Centre had an over - expenditure of Kshs.192,223, the source of funds for the over – expenditure was not explained.

In the circumstances, 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 effect of the matters described in the Basis for Qualified Opinion section, 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 ii to xx which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Manager, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of the 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 and 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. Failure to Budget for Climate Change and Financing

Review of the Centre annual budget and financial plans revealed that no provisions for climate change mitigation, adaptation programs, or climate financing initiatives were made. In addition, there was no evidence of planned allocation of funds for projects or activities that address climate risks, such as water source protection, energy-efficient operations, or climate resilience measures, despite the Company's operations being

highly dependent on environmental sustainability. This contrary to The National Climate Change Act, 2016, which obligates public entities to mainstream climate change measures into their operational and development plans and to allocate adequate resources to address climate resilience and adaptation.

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

2. Uncertainty in Funding Students – Capitation

The statement of financial performance and as disclosed in Note 1 to the financial statements reflects Kshs.1,812,000 in respect to revenue from non-exchange transactions (capitation). While the Training Centre had one hundred and fifty (150) enrolled trainees expected to receive Kshs.15,000 each totalling Kshs.2,250,000 from the County Government of Meru. The training Centre only received Kshs.1,812,000 resulting to an outstanding balance of Kshs.438,000. The students were therefore, not adequately funded and the Centre is not certain on the possibility of receiving the outstanding balance. Further, this outstanding balance was not disclosed as a receivable from non-exchange transactions in the statement of financial position.

In the circumstances, the under-funding of the Centre may have affected service delivery to the other Institutions which did not receive capitation for students and value for money could not be confirmed.

3. Failure to Deduct and Remit Public Procurement Capacity Building Levy

Review of records revealed that the Centre entered into contracts but no documentary evidence has been provided to confirm that the Entity complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Basis for Conclusion

1. Lack of an Internal Audit Function and Audit Committee

During the year under review, the Institution had not constituted an audit committee and an internal audit unit as required by Regulation 153 (1) and (2) of the Public Finance Management (County Government), 2015 which states that, the internal audit unit of a County Government entity to assess effectiveness of the Vocational Training Centre through an internal performance appraisal commenting on its effectiveness in the annual report to the County Treasury.

In the circumstances, the Centre did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Lack of a Substantive Training Centre Manager

Review of documents availed for audit revealed that the current acting manager of the training Centre was appointed in an acting capacity on 08 January, 2018, the Centre has been operating without a substantive manager for a period of more than eight (8) years. During the audit, no documents were provided for audit review in regards to advertisements or any recruitment process for a substantive manager.

In the circumstances, the validity of the appointment could not be confirmed.

3. Lack of Ownership Documents

Review of the records for Kiirua Vocational Training Centre revealed that the Centre had not secured title deeds for the parcel of land it occupies, and no valuation reports were provided for audit verification. This indicates that the Institution lacks legal ownership documentation for the land under its use.

In the circumstances, the existence and accuracy of property, plant, and equipment could not be confirmed.

4. Absence of an Approved Staff Establishment

The Vocational Training Centre does not have an approved staff establishment, contrary to the requirements of Policy B.2(1). Without a formal staff establishment, it is not possible to assess whether the Centre is operating with an optimal staffing structure necessary to support the implementation of its mandate.

In the circumstances, Management was not in compliance with the HR policy requirements.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Institution'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, SBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

KIIRUA VTC

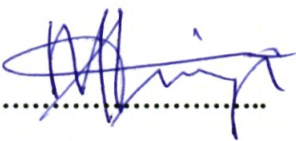
Annual Report and Financial Statements for the year ended 30th June 2025

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

	Notes	Period ended 30 th June 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	1,812,000
		1,812,000
Revenue from Exchange transactions		
Fees from students	7	2,937,140
Revenue from Exchange transactions		2,937,140
Total Revenue		4,749,140
Expenses		
Use of goods and services	8	2,475,181
Employee costs	9	613,475
Board Expenses	10	25,300
Repairs and maintenance	11	49,470
Total Expenses		3,163,426
Net surplus/(deficit) for the year		1,585,714

(The notes set out on pages 6 to 16 form an integral part of the Annual Financial Statements).

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



Mr. Albert Mwangi
Chairman of Board

Date 30/08/25



CPA Perpetual Gatwiri
Accountant
ICPAK No:21574

Date 30/08/25



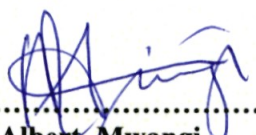
Mr. Nafatly Mwenda
Manager

Date 30/08/25


KIIRUA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****15) Statement of Financial Position As At 30th June 2025**

Description	Notes	Period ended 30 th June 2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents		49,090
Current portion of receivables from exchange transactions	12(a)	1,784,375
Total Current Assets		1,833,465
Total Assets (A)		1,833,465
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	13	198,575
Total Current Liabilities		198,575
Non-Current Liabilities		
Total Liabilities (B)		198,575
Net Assets (A-B)		1,634,890
Represented By:		
Accumulated Surplus		1,634,890
Total Net Assets		1,634,890


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




Mr. Albert Mwangi
 Chairman of Board

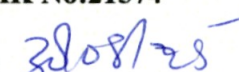


PERPETUAL GATWIRI
 Accountant
 ICPAK No:21574



Mr. Nafatly Mwenda
 Manager

Date 

Date 

Date 

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

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

Description	Accumulated Surplus	Total
At July 1, 2024		
	49,175	49,175
Surplus for the year	1,585,714	1,585,714
At June 30, 2025	1,634,890	1,634,890

KIIRUA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****17) Statement of Cash Flows For The Year Ended 30 June 2025**

Description	Note	Period ended 30 th June 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government		1,812,000
Fees from students		1,152,765
Total Receipts		2,964,765
Payments		
Use of goods and services		2,276,606
Employee costs		613,475
Board Expenses		25,300
Repairs and maintenance		49,470
Total Payments		2,964,851
Net Cash Flows from operating activities	14	(86)
Net Increase in Cash and Cash equivalents		(86)
Cash & Cash equivalents at the beginning (1 st July 2024)		49,175
Cash & Cash equivalents at the end. (30 th June 2025)	11	49,090

18) Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	A	B	C=A+B	D	E=C-D	F=D/C%
Budget carryovers from the previous year*	49,175		49,175	0		100
Receipts						
Transfers from County Government	1,812,000		1,812,000.00	1,812,000	-	100
Fees from students	2,937,140		2,937,140.00	1,152,765	1,784,375	39
Total Receipts	4,749,140		4,749,140.00	2,964,765	1,784,375	62
Payments						
Use of goods and services	3,764,330		3,764,330	2,276,606	1,487,724	60
Employee costs	839,640		839,640	613,475	226,165	73
Board Expenses	45,170		45,170	25,300	19,870	56
Repairs and maintenance	100,000		100,000	49,470	50,530	49
Contracted services			-			
Grants and subsidies			-			
Total Expenditure	4,749,140		4,749,140	3,156,956	1,784,289	62
Capital Expenditure payments				-		
Deficit	-		-	(192,191)	86	

19) Notes to the Financial Statements**1. General Information**

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

2. Statement of Compliance and Basis of Preparation

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

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

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

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

Standard	Effective date and impact:
IPSAS 47: Revenue	Applicable 1st January 2026 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.

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

IPSAS 48: Transfer Expenses	Applicable 1st January 2026 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.
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iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on 25th February. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. 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

KIIRUA VTC

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented.

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.

c) Cash and cash equivalents

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

d) 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

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

Description	Period ended 30 th June 2025
	Kshs
Unconditional Grants	
Capitation Grants	1,812,000
Total unconditional Grants	1,812,000
Total Government Grants and Subsidies	1,812,000

(b) Transfers from County Government (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Total grant income during the year
	Kshs	Kshs
Department of Education and technology County Government of Meru	1,812,000	1,812,000
Total	1,812,000	1,812,000

7. Fees from students

Description	Period ended 30 th June 2025
	Kshs
Boarding expenses	1,268,940
Personal emoluments	839,640
Co-curricular activities	83,100
Examination Fees	63,000
Medical	42,600
Development	157,500
Repair and maintenance	63,000
Registration Fees	100,500
Tuition fees	318,860
Total Fees from students	2,937,140

Fees from students is revenue from fees invoice.

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

Description	Period ended 30 th June 2025
	Kshs
Teaching and learning materials	1,249,350
Boarding/Hostel expenses	479,067
Utilities	202,704
Bank charges	13,427
Examination fees	267,260
Co-curricular expenses	108,030
Travelling and accommodation	114,400
Postage	40,943
Total good and services	2,475,181

Employee Costs

Description	Period ended 30 th June 2025
	Kshs
Salaries and wages	609,725
Social contributions NHIF	3,750
Employee Costs	613,475

9. Board Expenses

Description	Period ended 30 th June 2025
	Kshs
Chairman's Honoraria	7,300
Directors Emoluments	18,000
Total	25,300

10. Repairs and Maintenance

Description	Period ended 30 th June 2025
	Kshs
Electricity and water system	49,470
Total Repairs and Maintenance	49,470

KIIRUA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****11. Cash and Cash Equivalents**

Description	Period ended 30 th June 2025
	Kshs
Current Account	49,090
Total Cash and Cash Equivalents	49,090

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account number	Period ended 30 th June 2025
		Kshs
a) Current Account		
KCB(Grant)	1234056577	48,827
Co-operative (operations)	01129021530500	263
Sub- Total		49,090
Grand Total		49,090

12. Receivables from Exchange transactions**12 (a) Current Receivables from Exchange transactions**

Description	Period ended 30 th June 2025
	Kshs
Current Receivables	
Student Debtors	1,784,375
Total Current Receivables	1,784,375

28 (b) Ageing Analysis of Receivables from Exchange Transactions

Description	Period ended 30 th June 2025	
	Kshs	
	Current FY	% of the total
Less than 1 year	1,784,375	100%
Between 1- 2 years		
Between 2-3 years		
Over 3 years		
Total	1,784,375	100%

KIIRUA VTC**Annual Report and Financial Statements for the year ended 30th June 2025****13. Trade and Other Payables from Exchange Transactions**

Description	Period ended 30 th June 2025	
	Kshs	
Trade payables	131,000	
Salary deductions	67,575	
Total Trade and Other Payables	198,575.00	
Ageing analysis:	Current FY	% of the Total
Under one year	198,575	100%
Total	198,575	100%

14. Cash generated from operations.

	Period ended 30 th June 2025	
	Kshs	
Surplus/(Deficit) for the year	1,585,714	
Working Capital Adjustments		
Increase in Receivables	(1,784,375)	
Increase in Payables	198,575	
Net Cash Flow from Operating Activities	(86)	

15. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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

Description	Total amount Kshs	Fully performing Kshs
At 30 June 2025		
Receivables from exchange transactions	1,784,375	1,784,375
Total	1,784,375	1,784,375

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.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables		67,575	131,000	198,575
Total		65,575	131,000	198,575

(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.

KIIRUA VTC

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

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.

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:

Description	Period ended 30 th June 2025
	Kshs
Retained Earnings	1,634,890
Total Funds	1,634,890

16. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

County Government of Meru

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

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

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

Description	Period ended 30 th June 2025
	Kshs
a) Grants /Transfers from the Government	
Grants from County Government	1,812,000
Total	1,812,000
Total	
b) Key Management Compensation	
Board of Management emoluments	25,300
Total	1,837,300

17. Events After The Reporting Period

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

18. Currency

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

20) Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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KIIRUA VTC

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

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity:County Government of Meru

Name of beneficiary entity:Kiirua VTC

Reference Number	Date Disbursed	Recurrent (A)	Total (C)=(A+B)	Remarks
	26/Feb/2025	657,000	657,000.	
	26/Feb/2025	1,155,000	1,155,000	
Total		1,812,000	1,812,000	

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

Head of Accounts Department

Name Baylas Kobia Domizani Sign [Signature]
Date



Head of Accounts Department

Name NAFIAY MUSAHA Sign [Signature]
Date 11/12/25