

REPUBLIC OF KENYA



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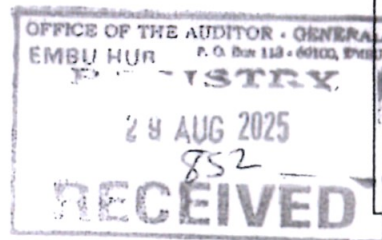
THE AUDITOR-GENERAL

ON

**KIMUTHII VOCATIONAL TRAINING
CENTRE**

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

Revised 30th June 2025



KIMUTHII VOCATIONAL TRAINING CENTRE

MERU, TIGANIA WEST

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 College

2. Key Entity Information and Management

(a) Background information

The institution was registered under TVET Act 2013 Section 20(1). The institution is located In Kimuthii off the Miathene Mikinduri Road in Kitheo location Kaliati sub-Location Akithii Ward.

The institution registration number is TVETA/PUBLIC/VTC/0022/2015B1

VISION OF THE INSTITUTION: To be a national centre of excellence in Technical, Industrial, Vocational Training and Human Resource Development.

MISSION OF THE INSTITUTION: To empower the trainees by offering quality training for self-reliance.

CORE VALUES OF THE INSTITUTION:

- Team work
- Discipline
- Accountability
- Integrity
- Gender Equity

MOTTO: EFFORT YIELDS SUCCESS

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

ENTITY ADDRESS
P O BOX 4- 60602
KIANJAI, KENYA

TELEPHONE:
0727251169

(a) Entity Headquarters

P.O. Box 150-60602
Urru
Kanjai, KENYA

(b) Entity Contacts

Telephone: (254) 0727251169
E-mail: kimuthiivocational@gmail.com

(c) Entity Bankers

KCB BANK MERU








(d) Independent Auditors

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


(b) Principal Legal Adviser

The County Attorney
Meru County Government
PO BOX 120-60200
Meru


KIMUTHII VOCATIONAL TRAINING CENTRE**Annual Report and Financial Statements for the year ended 30th June 2025****Key Management****3. Board of Management, etc**

	Board of Governor's passport photo and name and key profession/academic qualifications	Description of members date of birth, key qualifications and work experience
1.	 <p>Name: Peter Thurania Nkubitu Academic: Masters</p>	<p>Date of Birth: 06/11/1978 Qualification: Masters of Arts in Entrepreneurship education Position in BoG: Chair Person</p>
2.	 <p>Name: Charity Anampiu Academic: P1 Teacher</p>	<p>Date of Birth: 24/12/1954 Qualification: P1 TEACHER Position in BoG: Vice Chair Person</p>
3.	 <p>Name: Mathanga Peter Kiringo Academic: Certificate</p>	<p>Date of Birth: 12/12/1963 Qualification: Certificate In Technical Education Position in BoG: Secretary</p>
4.	 <p>Name: Elosy Muthoni Academic: Diploma</p>	<p>Date of Birth: 27/05/1977 Qualification: Diploma in medical laboratory Position in BoG: Signatory</p>
5.	 <p>Name: Norman Kimathi Academic: KCSE</p>	<p>Date of Birth: 07/05/2000 Qualification: KCSE Position in BoG: Youth Representative</p>
6.	 <p>Name: Henry Mwengecha Academic: KCSE</p>	<p>Date of Birth: 1/12/1962 Qualification: KCSE Position in BoG: Member</p>
7.	 <p>Name: Kilai Samson Mutabari</p>	<p>Date of Birth: 1982 Qualification: Diploma in Hospitality Management</p>

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

	Academic: Diploma	Position in BoG: Member
8.	Name: Timothy K. Ithula Academic: KCSE	Date of Birth: Qualification: KCSE Position in BoG: Member
9.	Name: William Ngituyu Academic: KCSE	Date of Birth: 1962 Qualification: KCSE Position in BoG: Member
10.	 Name: Janet Thuraira Academic: KCSE	Date of Birth: 1963 Qualification: KCSE Position in BoM: Member

4. Key Management Team

<i>SN.</i>	<i>Member/Director</i>	<i>Details</i>
1.	 Name: Mathanga Peter Kiringo Academic: Certificate	Manager / BOG secretary

(e) Fiduciary Management

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

SN.	Designation	Name
1.	Principal/Manager	Mathanga Peter Kiringo
2.	Deputy Principal/Assistant Manager Finance	Nancy K. Samuel

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2025**

1. Report of the principal

Presented herein is the annual report and financial statement of Kimuthii Vocational Training Centre for the year ended June 2025 as per requirements of the public Finance Management Act of 2012.

i. Non-financial information

a. Academic programme

During the financial year under review the institution had 11 academic programmes namely;

1. Fashion Design and Garment Making
2. Hair Dressing and Beauty Therapy Technology
3. Carpentry and Joinery Technology
4. Building Technology

The institution admits trainees who pursue technical courses. By 30th June 2025 the institution had enrolled a total of 75 trainees. This number is expected to increase in this financial year. This will be achieved through;

- Aggressive marketing of the institution programmes
- Monitoring of academic programmes that are attractive to trainees
- Strengthened collaborations with local industries and other institutions of higher learning.
- Through starting new courses like welding, plumbing and electrical installation.

b. NITA Examinations.

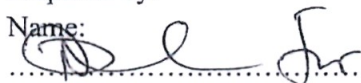
During the year under review, the institution managed to successfully present few candidates for NITA examinations due to financial challenges.

c. Activities

The institution actively participated in co-curricular activities. The institution has also started Agri-Business which bring some income to the institution and has planted over 500 trees.

Prepared by:

Name:



Accounting officer/Principal

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

d. Chairman's statement

I am pleased to present the annual report and financial statement of Kimuthii Vocational Training Centre for the year ended 30th June 2025. Kimuthii Vocational Training Centre aims at offering courses that are market driven.

During the year under review, Kimuthii Vocational Training Centre ensured that training went on smoothly.

I am pleased to report that at the end of the year 2024 trainees were presented for National Examinations and passed the exam.

During the financial year the institution was able to achieve the following;

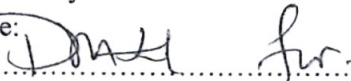
- ✓ Construction of toilets which are on-going.
- ✓ Planting of 500 trees.
- ✓ We are planning to construct a show room where we will be displaying our products from various departments. By this it will attract customers from outside and they can be advantageous by buying some of the products from the show room.
- ✓ We are planning to incorporate more courses in the near future like welding, plumbing and electrical installation.
- ✓ The institution has been able to repair broken widows and making of new furniture's and also installing curtains for the widows.

The institution however faced some challenges such as;

- i. Inadequate trainers
- ii. Inadequate workshops
- iii. Inadequate tools/machines
- iv. Inadequate trainees due to financial challenges
- v. Inadequate funds for paying the workers

Prepared by:

Name:



Accounting officer/Principal

Chairman's Statement

5. Corporate Governance Statement

The Board consists of (10) board members who possess extensive experience in a variety of disciplines all of which are applied in the overall management of the institution. There was the sub-county Vocational Education and Training Officer.

The board has the right balance of skills and experience appropriate for the requirements of the institution; all members participated in the decision making and that the board operated effectively throughout the year and continues to do so.

In this period the board of governors were engaged in the institution affairs two times (2);

- i. 19th September 2024 – New board inauguration

- ii. 14th March 2025 – Full board meeting

6. Management Discussion and Analysis

THE FUNCTIONS OF THE BOARD OF GOVERNORS

The functions of the Board of Governors of a Vocational Training Center are as follows;

1. Promote the best interests of the institution and ensure its developments
2. Promote quality education and training for all trainees in accordance with the set standards
3. Develop a strategic plan for the institution
4. Provide proper and adequate physical facilities for the institution
5. Create an enabling environment for the institutional principal, instructors and other staff of the institution in the performance of their professional duties.
6. Manage all affairs of the institution in accordance with the laid down procedures
7. Advise the ministry on the staffing needs for the institution
8. Make recommendations for appointment of principal at the institution
9. Recruit, employ and remunerate such number of instructors as may be required by the institution subject to the provision of the law
10. In consultation with the Quality Assurance and Standards Officers, ensure effective curriculum implementations and delivery
11. Present the trainees for examinations and assessments
12. Prepare annual estimates of revenue and expenditure for the institution and incur expenditure on behalf of the institution
13. Receive, on behalf of the institutions, fees, grants, subscriptions, donations or other monies and to make disbursements to the institution or other bodies or persons.
14. Mobilize resources for other purposes of the institution subject to the provisions of the Government Financial management Act and any other relevant laws.
15. Enter into association with other local or international training institutions in the interest of the institution with the approval of the relevant authority
16. Continuously monitor and evaluate the instructors in terms of curriculum implementation and delivery, conduct of examinations and assessments in the institution.
17. Prepare a comprehensive annual report on all areas of its mandate including education, training and research services and submit the same to the ministry.
18. Adopt a code of conduct for the staff and trainees, determine cases of discipline and make reports to the ministry.
19. Provide for the welfare and safety of the staff and trainees at the institution
20. Facilitate and ensure the provision of guidance and counselling to all trainees
21. Encourage the community, parents, trainees, staff and other stakeholders to render voluntary services to the institution.
22. Upon request, approve the use of the institutional facilities for educational, training and research programmes not conducted by the institution either for free or on hire.
23. Recruit, employ and remunerate such number of non-teaching staff as may be required by the institution in accordance with the employment
24. Perform any other functions to facilitate the implementation of its functions under these guidelines or any other written law.

7. 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 this institution, which give a true and fair view of the state of affairs of the institution at the end of the financial year/period and the operating results of the institution for the year/period. The Board of Management are also required to ensure that the institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution. The Board of Management are also responsible for safeguarding the assets of the institution.

The Board of Management are responsible for the preparation and presentation of the centre's financial statements, which give a true and fair view of the state of affairs of the institution 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 institution, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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


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

KIMUTHII VOCATIONAL TRAINING CENTRE

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

Approval of the financial statements

The institution's financial statements were approved by the Board on _____ and signed on its behalf by:


.....

Name

Chairperson of the Board


.....

Name

Principal/Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 KIMUTHII 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 Kimuthii Vocational Training Centre set out on pages 17 to 47, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial performance, statement

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

In my opinion, except for the 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 Kimuthu Vocational Training Centre as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. In Accuracies in the Financial Statements

Review of the annual report and financial statements submitted for audit revealed the following inaccuracies;

- i. The property, plant and equipment does not have the calculation of for depreciation and netbook value although it indicated net book value of Kshs.78,000.
- ii. The page for the report of the Auditor-General is not included both in the table of contents and entity's report.
- iii. The Notes to the financial statements differ with Notes indicated in the financial statements.
- iv. Note 15 to financial statements on prepayment is missing under notes to the financial statements.
- v. The statement of changes in net Assets and statement of cashflows should be in its separate pages.

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

2. Unreconciled Variance Between Financial Statement and the Supporting Schedules

Review of the financial statements indicates that balances reflected in components were at variance with the corresponding amounts reflected in supporting schedules as detailed below;

Component	Amount as per Financial Statements (Kshs.)	Amount as per Ledger / Notes (Kshs.)	Variance (Kshs.)
Transfers from County Government	711,000	714,000	(3,000)
Fees from Students	67,595	7995	59,600
Sale of goods	32,380	-	32,380
Rental Revenue from Facilities and Equipment	2,890	-	2,890
Miscellaneous Income	22,900	-	22,900
Employee Costs	29,400	79,990	(50,590)
Biological Assets	40,000	70,000	(30,000)
Board Expenses	30,000	-	30,000
Depreciation and Amortization Expenses	-	78,000	(78,000)
Repairs and Maintenance	50,000	-	50,000
Finance Costs	20,900	-	20,900

Further, the Management did not provide ledgers/supporting schedules for Sale of goods, Rental revenue from facilities and equipment, repair and maintenance, depreciation and amortization expenses and finance costs for audit verification.

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

3. Unsupported Accounts Receivables

The statement of financial position reflects current portion of receivables from exchange transaction, receivables from non- exchange and long-term receivables from exchange balance of Kshs.67,595, Kshs.711,000 and Kshs.67,595 respectively. However, the supporting schedules, detailed ageing analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy and completeness of the receivable balance totaling Kshs.844,190 could not be confirmed.

3. Unsupported and Unreconciled Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.144,789 while the statement of cashflows reflects an amount of Kshs.19,000, in addition, Note 14 to the Financial statements reflects Kshs.30,000 while Note 26(a) reflects Kshs.12,531. Audit revealed that the Management did not provide cashbook and Bank reconciliation statements for audit verification.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.144,789 could not be confirmed.

5. Unconfirmed Ownership and Value of Fixed Assets

The statement of financial position reflects property, plant and equipment net book value of Kshs.78,000 which comprise of zero balance for land, furniture and fittings and buildings as disclosed in Note 32 to the financial statements. However, the land, buildings and furniture's and fittings and other assets have not been surveyed, valued and included in the fixed asset register and the annual report and financial statements. In addition, land ownership documents were not provided for audit.

In the circumstances, the accuracy and completeness of the of property, plant and equipment balance of Kshs.78,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kimuthii 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.4,488,000 and Kshs.2,356,828 respectively, resulting to an under-funding of Kshs.2,131,172 or 48% of the budget. However, the Institution expended an amount of Kshs.2,041,021 against actual receipts of Kshs.2,356,828, resulting to an under-utilization of Kshs.315,807 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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

Other Information

The Board of Management is responsible for the Other Information set out on page 7 to 16 which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors

Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

Review of the annual report and financial statements submitted for audit revealed that the financial statements did not comply with financial reporting format issued by the Public Sector Accounting Standards Board in the following areas.

- i. The cover page of the financial statements reflects the caption "Revised 30 June, 2025", the caption ought to have been omitted since it was an illustration and not part of the reporting entity's information.
- ii. The report should be printed on both sides instead of one sided
- iii. Financial statements have reported some balances in cents instead whole shillings.
- iv. Key entity information on page 4 reflects "guiding notes" the caption ought to have been omitted since it was an illustration and not part of the reporting entity's information.
- v. Board of management on page 6 was not aligned to template
- vi. Statement of performance against predetermined objectives lacked strategic objectives and achievements during year

- vii. Acronyms like VETO AND CEC(M) on page 13 were not presented on page 2 under acronyms and definition of key terms
- viii. Key entity information on page 13 reflects “guiding notes” the caption ought to have been omitted since it was an illustration and not part of the reporting entity’s information.
- ix. Statement of board of management responsibilities reflects “guiding notes and entity” the caption ought to have been omitted since it was an illustration and not part of the reporting entity’s information and “entity” replaced with Institution’s name.
- x. The “revised 30 June, 2025” in the cover page is for guidance purposes and should be deleted.
- xi. The table of content does not agree with the one in the template
- xii. The paging does not comply with the template paging. The statement of financial performance paging should start from page 1 not page 17.
- xiii. The financial statement is not signed by those charged with governance that is the Manager and Chairman but signed by one person on their behalf.
- xiv. Two Board Members photographs and date of Birth are missing under Key management
- xv. The Financial statements should be reported in shillings not cents while reporting.
- xvi. The statement of financial position has no balancing figure that is the net assets are not represented by Accumulated surplus and capital Fund.

This was contrary to Section 81(3) of Public Financial Management Act, 2012 which states that the Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.

In the circumstances, the financial statements did not comply with the financial reporting templates issued by the Public Sector Accounting Standards Board.

2. Lack of a Procurement Plan

The statement of financial performance reflects an amount of Kshs.939,740 and Kshs.803,120 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that ‘a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

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 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

Lack of Internal Audit Function and Audit Committee

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

In the circumstances, the effectiveness of the risk management process and internal controls 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 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 Training Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

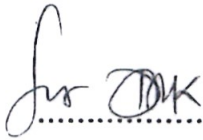
KIMUTHII VOCATIONAL TRAINING CENTRE**Annual Report and Financial Statements for the year ended 30th June 2025****8. Statement of Financial Performance for the Year Ended 30th June 2025**

	Notes	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	711,000.00
Grants from Development Partners	7	0.00
Transfers from National Government Entities	8	0.00
Public Contributions and Donations	9	0.00
		711,000.00
Revenue from Exchange transactions		
Fees from students	10	67,595.00
Sale of goods	11	32,380.00
Rental revenue from facilities and equipment	12	2,890.00
Finance income	13	0.00
Miscellaneous income	14	22,900.00
Revenue from Exchange transactions		125,765.00
Total Revenue		939,740.00
Expenses		
Use of goods and services	15	672,820.00
Employee costs	16	29,400.00
Board Expenses	17	30,000.00
Depreciation and amortization expense	18	0.00
Repairs and maintenance	19	50,000.00
Contracted services	20	0.00
Grants and subsidies	21	0.00
Finance costs	22	20,900.00
Total Expenses		803,120.00
Other Gains/(Losses)		
Gain on sale of assets	23	0.00
Gain/ Loss on fair value of investments	24	0.00
Impairment loss	25	0.00
Total Other Gains/(Losses)		0.00
Net surplus/(deficit) for the year		136,620.00

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

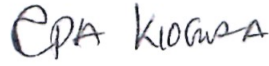
(The notes set out on pages 6 to 25 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 22 to 41 were signed by:



.....

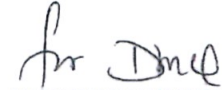
Name
Chairman of Board

Date


CPA KIOGUSA
IMBATA
.....

Name
Accountant
ICPAK No 28893

Date 29/8/2023



.....

Name
Principal/Manager

Date

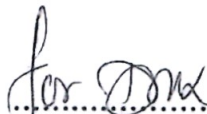
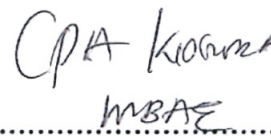
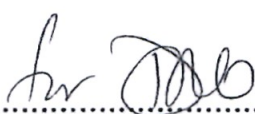
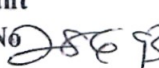
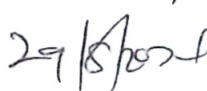
KIMUTHII VOCATIONAL TRAINING CENTRE**Annual Report and Financial Statements for the year ended 30th June 2025****9. Statement of Financial Position as At 30th June 2025**

Description	Notes	2024/2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	22	144,789.00
Prepayments	27	1,900.00
Current portion of receivables from exchange transactions	28(a)	67,595.00
Receivables from non-exchange transactions	29	711,000.00
Inventories	30	172,000.00
Investments in financial assets	31	0.00
Total Current Assets		1,200,259.00
Non-Current Assets		
Long term receivables from exchange transactions	28(b)	67,595.00
Investments	31	00.00
Property, plant, and equipment	32	78,000.00
Intangible assets	33	0.00
Investment property	34	0.00
Biological Assets	35	40,000.00
Total Non-Current Assets		185,595.00
Total Assets (A)		1,385,854.00
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	36	200,000.00
Refundable deposits from customers/Students	37	0.00
Current provisions	38	0.00
Finance lease obligation	39	0.00
Deferred income	40	0.00
Total Current Liabilities		0.00
Non-Current Liabilities		
Non-Current Provisions	38	200,000.00

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

Description	Notes	2024/2025
		Kshs
Finance lease obligation	39	0.00
Deferred income	40	0.00
Service Concession Arrangements	41	0.00
Total non- current liabilities		0.00
Total Liabilities (B)		0.00
		0.00
Net Assets (A-B)		1,185,854.00
Represented By:		
Revaluation Reserves		0.00
Accumulated Surplus		0.00
Capital Fund		0.00
Total Net Assets		0.00

The Financial Statements set out on pages 22 to 41 were signed by:

		
.....
Name	Name	Name
Chairman of Board	Accountant	Principal/Manager
	ICPAK No 	
Date	Date 	Date

KIMUTHII VTC**Annual Report and Financial Statements for the year ended 30th June 2025****10. Statement of Changes in Net Assets for The Year Ended 30 June 2025**

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2024	0.00	0.00	0.00	0.00
Revaluation gain	0.00	-	-	0.00
Surplus/(deficit) for the year	-	136,620.00	-	136,620.00
Capital grants received during the year	-	-	0.00	0.00
At June 30, 2025	0.00	136,620.00	0.00	0.00

11. Statement of Cash Flows For The Year Ended 30 June 2024

Description	Note	Insert Current FY
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from County Government		711,000.00
Grants from donors and development partners		0.00
Transfers from National Government entities		0.00
Public contributions and donations		0.00
Fees from students		67,595.00
Sale of goods		32,380.00
Rental revenue from facilities and equipment		2,890.00
Finance income		0.00
Miscellaneous income		22,900.00
Total Receipts		939,740.00
Payments		
Use of goods and services		672,820.00
Employee costs		29,400.00
Board Expenses		30,000.00
Repairs and maintenance		0.00
Contracted services		50,000.00
Grants and subsidies		0.00
Total Payments		782,220.00
Net Cash Flows from operating activities	42	2,661,700.00

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

Description		Insert Current FY
	Note	Kshs
Cash flows from investing activities		
Purchase of property, plant, and equipment		0.00
Purchase of intangible assets		0.00
Proceeds from the sale of property, plant, and equipment		0.00
Net cash flows used in investing activities		0.00
Cash flows from financing activities		0.00
Proceeds From Borrowing		0.00
Repayment of Borrowings		0.00
Net cash flows used in financing activities		0.00
Net Increase/(Decrease) in Cash and Cash equivalents		0.00
Cash & Cash equivalents at the beginning (1 st July)	26	30,090.00
Cash & Cash equivalents at the end. (30 th June)	26	19,000.00

12. 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*	-	2019	2021	2022	2023	2024
Receipts						
Transfers from County Government	813,975.00	0.00	813,975.00	813,975.00	0.00	0.00
Grants from donors and development partners	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from National Government entities	0.00	0.00	0.00	0.00	0.00	0.00
Public contributions and donations	0.00	0.00	0.00	0.00	0.00	0.00
Fees from students	67,595.00	0.00	67,595.00	67,595.00	0.00	0.00
Sale of goods	32,380.00	0.00	32,380.00	32,380.00	0.00	0.00
Rental revenue from facilities and equipment	2,890.00	0.00	2,890.00	2,890.00	0.00	0.00
Finance income	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	22,900.00	0.00	22,900.00	22,900.00	0.00	0.00
Total Receipts	939,740.00	0.00	939,740.00	939,740.00	0.00	0.00
Payments					0.00	0.00
Use of goods and services	672,820.00	-	672,820.00	672,820.00	0.00	0.00

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

Employee costs	29,400.00	0.00	29,400.00	29,400.00	0.00	0.00
Board Expenses	30,000.00	0.00	30,000.00	30,000.00	0.00	0.00
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	0.00
Contracted services	50,000.00	0.00	50,000.00	50,000.00	0.00	0.00
Grants and subsidies	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	782,220.00	0.00	782,220.00	782,220.00	0.00	0.00
Capital Expenditure payments	782,220.00	0.00	782,220.00	782,220.00	0.00	0.00
Surplus	157,520.00	0.00	157,520.00	157,520.00	0.00	0.00

13. Notes to the Financial Statements

1. General Information

Kimuthii Vocational Training Centre is established by and derives its authority and accountability from TVETS Act. The entity is wholly owned by the County Government of Meru and domiciled in Tigania West sub-county. The entity's principal activity is Training.

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, and International Public

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

Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Adoption of New and Revised Standards

3. Adoption of New and Revised Standards

New and amended standards and Interpretations in issue effective in the year ending 30th June 2025

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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>

KIMUTHII VOCATIONAL TRAINING CENTRE

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

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

	<i>State the expected impact of the standard to the Kimuthii VTC if relevant</i>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

KIMUTHII VOCATIONAL TRAINING CENTRE

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

	<p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>State the expected impact of the standard to the Kimuthii VTC if relevant</i></p>
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iii. Early adoption of standards

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

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 22/07/2025. 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 2025 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented.

c) 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. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 2024 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately).* 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.

d) 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.

e) 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.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less

accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

h) Research and development costs

The 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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* 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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an 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)

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 Kimuthii VTC

k) Provisions

Provisions are recognized when the Kimuthii VTC has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. Where the Kimuthii VTC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The Kimuthii 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 Kimuthii VTC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The 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) Nature and purpose of reserves

The Kimuthii VTC creates and maintains reserves in terms of specific requirements. *(Kimuthii VTC to state the reserves maintained and appropriate policies adopted).*

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Kimuthii VTC provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(Kimuthii VTC to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

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

s) Service concession arrangements

The Kimuthii 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 Kimuthii VTC recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Kimuthii VTC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) 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 Kimuthii VTC'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

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Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 28.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from the County Government

Description	2024/2025
	Kshs
Unconditional Grants	
Capitation Grants	711,000.00
Operational Grant	00
Unconditional Development grants	00
Other Grants	00
Total unconditional Grants	711,000.00
Conditional Grants amortised/ recognised in revenue	
Library Grant	00
Hostels Grant	00
Administration Block Grant	00
Laboratory Grant	00
Learning Facilities Grant	00

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Other Organizational Grants	00
Total Government Grants and Subsidies	711,000.00

(b)Transfers from County Government (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year
	Kshs	Kshs	Kshs	Kshs
County Department for Education	711,000.00	0.00	711,000.00	711,000.00
	0.00	0.00	0.00	0.00
Total	711,000.00	0.00	711,000.00	711,000.00

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7. Fees from students

Description	2024/2025
	Kshs
Tuition Fees	
Activity Fees	7,595.00
Industrial Attachment Fees	100.00
Examination Fees	100.00
Library Fees	0.00
Facilities And Materials	100.00
Registration Fees	100.00
Others	0.00
Total Fees from students	7,995.00

8. Sale of Goods

Description	2024/2025
	Kshs
Sale of Books	0.00
Sale of Publications	0.00
Sale of Farm Produce	32,380.00
Cafeteria sales	0.00
Other sales (specify)	0.00
Total Revenue from Sale of Goods	32,380.00

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9. Use of Goods and Services

Description	2024/2025
	Kshs
Teaching and learning materials	xxx
Industrial attachment costs	6,000.00
Electricity	27,000.00
Water	11,800
Security	000.00
Professional and consultancy services	000.00
Subscriptions	000.00
Advertising	000.00
Examination fees	000.00
Audit fees	000.00
Catering, conferences, and delegations	300,250.00
Travelling and accommodation	000.00
Fuel and oil	000.00
Insurance	000.00
Legal expenses	000.00
Licenses and permits	20,000.00
Postage	000.00
Printing and stationery	150,000.00
Hire charges	000.00
Rent expenses	000.00
Skills development levies	000.00
Telephone expenses	15,000.00
Internet expenses	000.00
	142,770.00
Training expenses	
Other (<i>specify</i>)	000.00
Total good and services	672,820.00

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10. Employee Costs

Description	2024/2025
	Kshs
Salaries and wages	29,990.00
Employee related costs - contributions to pensions and medical aids	0.00
Travel, motor car, accommodation, subsistence and other allowances	50,000.00
Housing benefits and allowances	000.00
Overtime payments	000.00
Social contributions	000.00
Employee Costs	79,990.00

11. Board Expenses

Description	2024/2025
	Kshs
Chairman's Honoraria	5,000.00
Directors Emoluments	10,000.00
Other Allowances	10,000.00
Other Board Expenses	5,000.00
Total	30,000.00

12. Depreciation and Amortization expense

Description	2024/2025
	Kshs
Property, plant and equipment	78,000.00
Intangible assets	000.00
Investment property carried at cost	000.00
Total depreciation & amortization Expense	78,000.00

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Description	2024/2025
	Kshs
Property	000
Investment property – earning rentals	000
Equipment and machinery	000
Vehicles	000
Furniture and fittings	100,000
Computers and accessories	30,000.00
Total Repairs and Maintenance	130,000.00

14. Cash and Cash Equivalents

Description	2024/2025
	Kshs
Current Account	30,000.00
On - Call Deposits	000.00
Fixed Deposits Account	000.00
Others (Specify)	000.00
Total Cash and Cash Equivalents	30,000.00

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

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

Financial Institution	Account number	2024/2025
		Kshs
a) Current Account		
KCB Bank (Grant) Meru	1284928128	5,867.75
KCB Bank (Operations)	1210466481	6,663.50
Sub- Total		
		12,531.25

15. Prepayments

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16. Receivables from non-exchange transactions

Description	2024/2025
	Kshs
Current Receivables	
Capitation Grants*	711,000.00
Transfers from Other Govt. entities	00
Undisbursed Donor Funds	00
Other Debtors (Non-Exchange Transactions)	00
Less: Impairment Allowance	00
Total Current Receivables	711,000.00

(*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).

17. Inventories

Description	2024/2025
	Kshs
Consumable stores	100,000.00
Maintenance stores	20,000.00
Health Unit stores	000.00
Electrical stores	000.00
Cleaning Materials stores	000.00
Catering stores	30,000.00
Less: Impairment allowance	
Total Inventories at lower of Cost and Net Realizable Value	150,000.00

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18. Property, Plant and Equipment

Cost	Furniture and fittings	Computers	Plant and equipment
	Kshs	Kshs	Kshs
Depreciation Rate	X%	X%	X%
At 1 July 2024	100,000.00	30,000.00	217,790.00
Additions	-	0.00	-
Disposals	-	0.00	-
Transfers/Adjustments	0.00	0.00	-
Revaluation	25,000.00	9,000.00	43,420.00
At 30th June 2025	75,000.00	21,000.00	173,680.00

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

32 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

19. Biological Assets

	2024/2025
	Kshs
Trees in a plantation forest	70,000.00
Animals: Dairy Cattle, Pigs, Sheep	000.00
Others specify	000.00
Total	70,000.00

20. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs
At 30 June 2025		
Receivables from exchange transactions	67,595.00	67,595.00
Receivables from non-exchange transactions	813975	813975
Bank balances	49,000.00	49,000.00
Total	930,570.00	930,570.00

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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 entity has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

a) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank

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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:

21. 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 Kimuthii 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) The Parent Department.
- iii) Board of Management;
- iv) Key management;

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

22. Events After The Reporting Period

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

23. Currency

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

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Appendix I

Inter-Entity Confirmation Letter

Name of transferring entity: MERU COUNTY GOVERNMENT.....

Name of beneficiary entity: KIMUTHII VTC.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
COUNTY/KE/NAIROBI	17.02.2025	369,000.00	0.00		PAID
COUNTY/KE/NAIROBI	17.02.2025	345,000.00	0.00		PAID
					PAID
Total					PAID

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

Head of Accounts Department - Disbursing Entity:

Name Sign

Date

Head of Accounts Department - Beneficiary Entity:

Name *[Signature]* Sign *[Signature]*

Date *29/8/2025*