

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



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REPORT DATE: 30 APR 2026 DAY: Thursday

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CLERK-AT-THE-TABLE: Kanda. J. T.

REPORT

OF

THE AUDITOR-GENERAL

ON

SOTIK TECHNICAL TRAINING  
INSTITUTE

FOR THE YEAR ENDED  
30 JUNE, 2025



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**SOTIK TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

**Sotik Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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**1 Key Entity Information and Management**

**(a) Background information**

The Sotik Technical Training Institute was incorporated/ established under the Technical and Vocational Education and Training Act NO. 29 OF 2013 on May 2016. The Institute is domiciled in Kenya, Bomet County, Sotik sub-county and has no branches. The Institute is a centre of excellence of Automotive Engineering in both Artisan, Certificate and Diploma.

**(b) Principal Activities**

The principal activity of the Sotik Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

**Vision:**

To be a centre of excellence in offering quality Technical and Vocational Education and Training.

**Mission:**

To provide Quality and Technical knowledge, skills and competences that promotes innovation and creativity.

**Core Objectives:**

- i) To extend technological solutions through research in appropriate and emerging technologies.
- ii) To promote technology through linkages with institutions, community and industries.
- iii) To expand and harness use of Information Communication Technology in service delivery and Information Communication Technology integration.

**(c) Key Management**

The Sotik Technical Training Institute’s day-to-day management is under the following key organs:

- Board of Governors,
- Accounting officer/ Principal
- Deputy Principal Administration.
- Deputy Principal Academics.
- Registrar.
- Dean of students.
- Finance Officer.
- Procurement Officer.

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Joel Maritim
2.	Deputy principal Administration	Josiah Langat
3	Deputy principal Academics	Sherryl Lilian
4	Registrar	Geofrey Cheruiyot
5	Dean of students	Caroline Mutai
6	Head of Finance	Joseah Kirui
7	Head of Procurement	Gideon Chepkwony

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**Key Entity Information and Management**  
(Continued)

**(e) Fiduciary Oversight Arrangements**

The Board of Governors has three committees in place namely;

**1. Risks and Audit committee with the membership as follows:**

S NO.	Name	Designation	Expertise
i.	Caroline Chepngetich	Chairperson	Law
ii.	Bernard Rono	Member	ICT
iii.	Maurine Claris	Member	Education

The responsibility of the committee is to receive and consider reports, make recommendations and advise the Board of Governors on:

- ✓ Internal and external audit reports
- ✓ Internal Audit annual plan
- ✓ Internal controls
- ✓ Risk management
- ✓ Compliance to laws, regulations and standards.
- ✓ Governance
- ✓ Governance Audit Reports

**2. Finance and human resource committee with the membership as follows.**

S NO.	Name	Designation	Expertise
i	Prof. Maurice Owino Oduor	Chairperson	Finance
ii	Eng. Cleophas Bill Ngetich	Member	Engineer
iii	Josephine Chepkoech	Member	Development specialist

The committee is in charge of oversight activities involving hiring and management of human resource personnel within the institution. To receive and consider reports, make recommendations and advise the Board of Governors on:

- ✓ The Institute planning and financial strategy
- ✓ Annual budget and medium-Term Expenditure Framework;
- ✓ Resource Mobilization
- ✓ Purchase and sale of property and disposal of idle assets.
- ✓ The Institute investment and borrowings.
- ✓ The progress of the implementation of plans and policies as outlined in the strategic plan.
- ✓ Approval of new construction projects.
- ✓ The progress of projects.
- ✓ Maintenance and development of buildings and land.
- ✓ Development, investment and enterprise.
- ✓ Collaboration and Partnerships.
- ✓ Memorandum of Understanding.
- ✓ Institute Legal and Information Communication Technology Status.
- ✓ Human Resource Strategy, Policies and Procedures and standards.
- ✓ Terms and conditions of employment for the Institute staff.
- ✓ To discuss all personnel issues affecting Institute's employees.
- ✓ Staff recruitment, selection, deployment and career development.

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**3. Academics & Infrastructure committee with the membership as follows;**

<b>Name</b>	<b>Designation</b>	<b>Professional Background</b>
1.Prof. Peter Okemwa	Chairperson	Lecturer
2.Eng. Cleophas Bill Ngetich	Member	Engineering and technology
3.Maurine Claris	Member	Education

The committee's role and responsibility are to receive and consider reports, make recommendations and advise the Board of Governors on:

- ✓ Issues relating to student's affairs.
- ✓ Establishment of new Campuses.
- ✓ Admissions and examinations.
- ✓ Curriculum development/ Reviews
- ✓ Quality management systems.
- ✓ Sports updates
- ✓ Graduation updates
- ✓ Research Activities
- ✓ Performance Contracting

**(f) Entity Headquarters**

Sotik Technical Training Institute  
P.O. Box 895-20406, Sotik.  
Sotik-Ndanai Highway  
SOTIK, KENYA

**(g) Entity Contacts**

Telephone: (254) 792518945  
E-mail: technicalsotik@gmail.com  
Website: www.sotiktti.ac.ke

**(h) Entity Bankers**

Kenya Commercial Bank  
Sotik branch  
P.O. Box 264-20406,  
SOTIK, Kenya.

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

## 2 Board of Governors

	<p>Born in 1967. PhD in Business Management. Over twenty years' experience in Education training industry. Chairman of Board of Governors.</p>
<p>Dr. Daniel Kirui (Board Chairman)</p>	
<p>Born in 1989. Bachelor of Science in Civil engineering. Over nine years' experience as civil works engineer in Safaricom PLC</p>	<p>Eng. Cleophas Bill Ngetich,</p>
	<p>Born in 1985. Masters in Information Systems Security. Over ten years' experience as ICT manager in Ketepa Tea Packers Limited. Technical &amp; Infrastructure committee Chair.</p>
<p>Bernard Kipkurui Rono</p>	
<p>Born in 4<sup>th</sup> September, 1991. Post graduate Diploma in Law (Expected) Over five years' experience as a lawyer.</p>	<p>Caroline Chepngetich</p>
	<p>Born in 1962. PhD in Technology Education. Over thirty years' experience in Technology Education training industry in universities.</p>
<p>Prof. Peter Okemwa</p>	
<p>Born in 1966. Bachelor's degree in Technology Education Over thirty years' experience trainer in technical training.</p>	<p>Joel Maritim (Principal)</p>

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	<p>Born in 8<sup>th</sup> February, 1979. Postdoctoral Fellowship (DAAD Fellow) Also, PhD in pure mathematics. Over twenty years' experience of teaching, research and administrative experience at the University level. Deputy Vice Chancellor (Planning, Research and Development) of the University of Kabianga-Kenya.</p>
	<p>Born in 4<sup>th</sup> February, 1978. Bachelor's degree in Business Administration and Management. Over 10 years' experience in Secretarial management.</p>
	<p>Born in 30<sup>th</sup> November 1983. Masters' degree in Business Administration. County Executive Committee Member in Bomet County Government-Trade, Energy, Tourism, Investment and Industry. Over ten years' experience in managerial skills.</p>

Prof. Maurice Owino Oduor ,

Maurine Anyango Claris Owiti

Josephine Chepkoech

### 3 Management Team

 <p>Joel K. Maritim,</p>	<ul style="list-style-type: none"> <li>-Principal/ Board Secretary</li> <li>-Bachelor's degree in Technology Education.</li> <li>-Over Thirty years' experience as a trainer in technical training.</li> </ul>
 <p>Josiah K. Langat</p>	<ul style="list-style-type: none"> <li>-Deputy Principal Administration</li> <li>-Diploma in technology education.</li> <li>-Over fifteen years' experience in technical training.</li> </ul>
 <p>Lilian Sherryl</p>	<ul style="list-style-type: none"> <li>-Deputy Principal Academics.</li> <li>-Bachelor's degree in Technology Education.</li> <li>-Over fifteen years' experience in technical education.</li> </ul>
 <p>CPA Joseah K. Kirui ,</p>	<ul style="list-style-type: none"> <li>-Finance Officer.</li> <li>-Bachelor's degree in Business Management, -Certified Public Accountant of Kenya.</li> <li>-Member of ICPAK in good standing.</li> <li>-ICPAK Member No. 24604.</li> </ul>
 <p>Chepkwony K. Gideon,</p>	<ul style="list-style-type: none"> <li>-Procurement Officer.</li> <li>-Master of Science in Procurement and Logistics, Bachelors degree in Purchasing and Supplies Management, Higher National Diploma in Human Resource Management.</li> <li>-Member of KISM in good standing.</li> <li>-M/KISM 70999.</li> </ul>

#### **4 Chairman's Statement**

To Stakeholders of Sotik Technical Training Institute,

It is my pleasure to present this report on behalf of the board of Sotik Technical Training Institute for the fiscal year ending 30<sup>th</sup> June 2025. This year has been marked by significant achievements, notwithstanding some challenges, and I am proud of the collective efforts that have driven our institution forward.

#### **Key Projects and Achievements**

Throughout the year, Sotik Technical Training Institute successfully completed the key project aimed at improving technical education and skills development. Notably, we undertook the following project;

<b>SN</b>	<b>Major Project</b>	<b>Cost FY 2024/2025</b>	<b>Source Of funds</b>
1	Construction of Building and civil Engineering workshop.	12,896,508	A-in-A
	Total	12,896,508	

These initiative have contributed to elevating the quality of training and expanding our outreach.

#### **Student Enrolment Growth**

We are pleased to report a steady increase in student enrolment, with current numbers reaching approximately 3,801 students, representing a 36% growth compared to the previous year. This growth underscores the increasing demand for technical and vocational education in the region and affirms our role as a pivotal institution in skills development.

#### **Strengths of Sotik Technical Training Institute**

Our key strengths include a dedicated and skilled management team, a committed faculty, and strong industry linkages that facilitate practical training and employment opportunities for our students. Additionally, our strategic location and state-of-the-art facilities position us favourably in the technical education sector.

#### **Challenges Faced**

Despite these successes, we faced notable difficulties in meeting our financial targets and strategic objectives. The most significant challenge has been the non-remittance of government funds, which

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has impacted our ability to fully implement planned projects and maintain operational efficiency. This financial gap has necessitated adjustments to our strategic plan and has constrained some of our expansion initiatives.

Other challenges include:

- Significant student debtors.
- Water shortage during dry seasons.
- Study halls not sufficient to cater for high demand by prospective and existent students.
- Residential premises (hostels) not enough around the Institute for student's accommodation.
- Inadequate number of trainers.
- In accessibility due to poor roads network.

**Future Plans**

Looking ahead, we are committed to strengthening our financial sustainability through diversifying our funding sources, including exploring private partnerships and grants. We also plan to enhance our curriculum to better match industry demands, expand our facilities, and improve student support services. Additionally, we will expand on our other income generating units to ensure the full realization of our strategic goals.

**Acknowledgements**

I wish to extend my sincere gratitude to the management team, whose dedication and professionalism have been instrumental in navigating this challenging year. I also thank all board members for their unwavering commitment and valuable contributions toward fulfilling our mandate. Your collective efforts have kept Sotik Technical Training Institute on a steady path of growth and development.

In conclusion, while we acknowledge the hurdles faced, I remain optimistic about the future of Sotik Technical Training Institute. With continued collaboration and strategic focus, I am confident we will achieve our vision of becoming a leading centre of technical and vocational excellence in Kenya.

Thank you.

Dr. DANIEL KIRUI  
CHAIRMAN, BOARD OF GOVERNORS

Sign: ..........

Date: ...13.12.2025.....

## **5 Report of the Principal**

Dear Stakeholders,

It is with great pride and a sense of achievement that I present this year's report on the progress and performance of Sotik Technical Training Institute. The past year has been trans-formative, marked by notable successes, strategic initiatives, and some challenges that have shaped our path forward.

### **Key Successes**

#### **- Student Enrolment and Growth:**

This year, we experienced a significant increase in student numbers, with enrolment reaching approximately 3,801 students, representing a 36% growth compared to the previous year. This upward trend reflects the increasing recognition of Sotik Technical Training Institute as a premier institution for technical and vocational training.

#### **- Academic Performance and Participation:**

Our students' academic performance has improved markedly, with an increased pass rate of 70.69%, up from 69.75% last year. Additionally, participation in co-curricular activities has surged, fostering holistic development. Students actively engaged in sports, drama, entrepreneurship clubs, and community service, which has enhanced campus life and student resilience.

#### **- Key Projects Implemented:**

During the year, we successfully completed one key project,

<b>Project</b>	<b>Completion rate</b>
Building and Civil engineering workshop	<b>100%</b>

### **Challenges Faced**

#### **- Delayed Government Fund Remittance:**

One of the primary challenges has been the delayed remittance of government funds, which impacted our operational capacity and delayed some planned maintenance and project activities. We are engaging with relevant authorities to address this issue and ensure timely funding in the future.

#### **- Implementation of the New CBET Curriculum:**

The transition to the Competency-Based Education and Training (CBET) curriculum has posed some implementation challenges, including staff training and curriculum adaptation. Nevertheless, our dedicated staff has made commendable progress, and we continue to refine our approach to fully embed the CBET framework.

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**Future Outlook**

In the coming year, we plan to make Sotik Technical Training Institute even more attractive to prospective students by enhancing our facilities, expanding industry partnerships, and integrating innovative teaching methodologies. To stay competitive, management is investing in digital infrastructure, upgrading our learning environments, and strengthening linkages with industry players for practical placements and job opportunities.

**Collaborations and Partnerships**

We have established fruitful collaborations with local industries, Non-Governmental Organisations, and development partners, which have facilitated internship opportunities, resource sharing, and joint projects. These partnerships are vital in aligning our training with industry needs and improving graduate employ-ability.

**Financial Performance**

Financially, the Institute maintained a stable position this year, with revenue generated from student fees, government grants, and industry partnerships. Despite the delays in government remittance, prudent financial management enabled us to meet our operational expenses and invest in key projects. We remain committed to improving our financial sustainability through diversified income streams and efficient resource management.

**In Conclusion**

I extend my heartfelt appreciation to the management team, staff, students, and partners for their unwavering dedication and hard work. Their collective efforts have been instrumental in achieving the milestones outlined in this report. We are confident that, with continued collaboration and strategic focus, Sotik Technical Training Institute will grow stronger and remain a leading institution in technical education in Kenya.

Thank you for your continued support.

JOEL K MARITIM  
Principal/Secretary to the Board of Governors

Sign:  .....

DATE: 13.12.2025 .....

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**6 Review of Sotik Technical Training Institute’s Performance for Financial Year 2024/2025**

Sotik Technical Training Institute has eight strategic pillars and objectives within its Strategic Plan for period January 2024 to 2028. These strategic pillars are as follows:

1. Human resource
2. Trainees
3. Physical Infrastructure
4. Accessibility
5. Water
6. Equipment
7. Financial Resources
8. Information Communication Technology Integration

Sotik Technical Training Institute develops its annual work plans based on the above eight pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Sotik Technical Training Institute achieved its performance targets set for the Financial Year 2024/2025 period for its eight strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: HUMAN RESOURCE</b>	<ul style="list-style-type: none"> <li>❖ Harness Human resource</li> <li>❖ To upgrade the skills of Teaching and Non-Teaching staff</li> </ul>	<ul style="list-style-type: none"> <li>❖ Increased number of staff to match the increasing number of students</li> <li>❖ Effective trainings carried out on teaching and non – teaching staff</li> </ul>	<ul style="list-style-type: none"> <li>❖ Write letters to Ministry of Education requesting for trainers in all areas of training.</li> <li>❖ Make visits to Ministry of Education State Department of Technical and Vocational Education Training to request for more trainers.</li> <li>❖ Recruit Board of Governors staff</li> <li>❖ Train the Non-Teaching and teaching staff</li> </ul>	<ul style="list-style-type: none"> <li>❖ New Board of Governors and Public Service Commission trainers have been employed</li> <li>❖ Several trainings conducted on staff.</li> </ul>
<b>Pillar 2: Trainees</b>	<ul style="list-style-type: none"> <li>❖ To increase student enrolment</li> <li>❖ Increase the number of courses</li> </ul>	<ul style="list-style-type: none"> <li>❖ Increased number of trainees</li> </ul>	<ul style="list-style-type: none"> <li>❖ To introduce more market driven courses</li> <li>❖ To market and to do publicity for the institute</li> <li>❖ To participate in sports and recreational activities.</li> <li>❖ To undertake corporate social responsibility to the community</li> </ul>	<ul style="list-style-type: none"> <li>❖ There is increase in student numbers</li> </ul>

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<p><b>Pillar 3:</b> <b>PHYSICAL INFRASTRUCTURE</b></p>	<p>To provide the physical infrastructure in the Institute</p>	<ul style="list-style-type: none"> <li>❖ Increased Teaching Infrastructure</li> <li>❖ Increased support Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>❖ To construct workshops for training purposes</li> <li>❖ To equip training workshops</li> <li>❖ To equip the existing library</li> <li>❖ To construct a Female hostel</li> <li>❖ To purchase land for expansion</li> <li>❖ To construct a recreational Centre.</li> <li>❖ To Construct water storage tank</li> </ul>	<p>Construction of Building and Civil Engineering workshop complex launched 1<sup>st</sup> quarter of 2023/2024.</p>
<p><b>Pillar 4:</b> <b>ACCESSIBILITY</b></p>	<p>To improve the road-network within the Institution</p>	<ul style="list-style-type: none"> <li>❖ Construct civil works within the institute</li> </ul>	<ul style="list-style-type: none"> <li>❖ To construct access roads within the institute</li> <li>❖ To construct parking bays</li> </ul>	<p>Institution's roads have been improved</p>
<p><b>Pillar 5:</b> <b>WATER</b></p>	<p>To provide adequate and sustainable water supply for the Institute</p>	<ul style="list-style-type: none"> <li>➤ Construct civil works within the institute</li> </ul>	<ul style="list-style-type: none"> <li>❖ To construct underground water tank.</li> <li>❖ To purchase more water tanks.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Water tanks numbers have been increase</li> </ul>
<p><b>Pillar 6:</b> <b>EQUIPMENT</b></p>	<p>To provide adequate training equipment for various courses.</p>	<ul style="list-style-type: none"> <li>❖ To provide training equipment</li> </ul>	<ul style="list-style-type: none"> <li>❖ To procure more training equipment for various courses</li> <li>❖ Establish more workshops</li> </ul>	<ul style="list-style-type: none"> <li>❖ Training equipment purchased and workshop completed.</li> </ul>

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<p><b>Pillar 7: FINANCIAL RESOURCES</b></p>	<ul style="list-style-type: none"> <li>❖ Diversify sources and increase funding</li> </ul>	<ul style="list-style-type: none"> <li>❖ Establishment of Public-Private Partnerships</li> <li>❖ lobby the Government for more funding</li> <li>❖ Establishment of production unit in the Institute</li> <li>❖</li> </ul>	<ul style="list-style-type: none"> <li>❖ Establish Short-Term courses</li> <li>❖ Offer Conference facilities</li> <li>❖ Identify the relevant industries in the private sector</li> <li>❖ Negotiate partnership agreements with the identified industries</li> <li>❖ Write funding proposals and budgets to the government for more funding</li> </ul>	<ul style="list-style-type: none"> <li>❖ To establish adequate source of funding for the Institutes projects</li> </ul>
<p><b>Pillar 8: INFORMATION COMMUNICATION TECHNOLOGY INTEGRATION</b></p>	<ul style="list-style-type: none"> <li>❖ To integrate Information Communication Technology in management and training in the institution</li> </ul>	<ul style="list-style-type: none"> <li>❖ Establishment of a Management Information System</li> <li>❖ integrated Information Communication Technology in curriculum delivery</li> </ul>	<ul style="list-style-type: none"> <li>❖ Procure and install the Management Information System Software and hardware</li> <li>❖ Train the staff on Management Information System</li> <li>❖ Procure desktop computers, laptops and Liquid Crystal Display.</li> <li>❖ Procure the training software</li> <li>❖ Procure and install Local Area Network within the new workshops offices.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Objective achieved</li> </ul>

## **7 Corporate Governance Statement**

During financial year 2024/25, there was 97% eligible attendance at all meetings of the Board and Committees.

Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens board and management accountability and helps build public trust in the Institute.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The board serves as the ultimate decision-making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The board selects and oversees the members of senior management, who are charged by the board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The board of governors held three Full board meetings in the financial year 2024/2025.

Under the Technical, Vocational, Education & Training Act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (h) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (i) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

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- (j) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (k) Recruiting and appointing trainers from among qualified professionals and practising trades' persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and Technical, Vocational, Education & Training Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board.

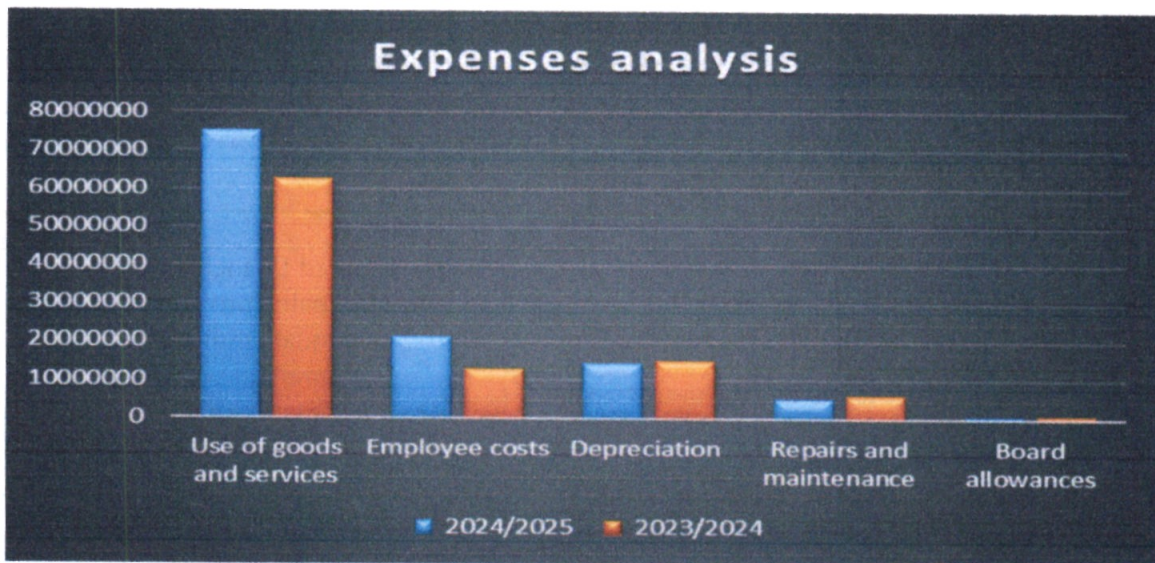
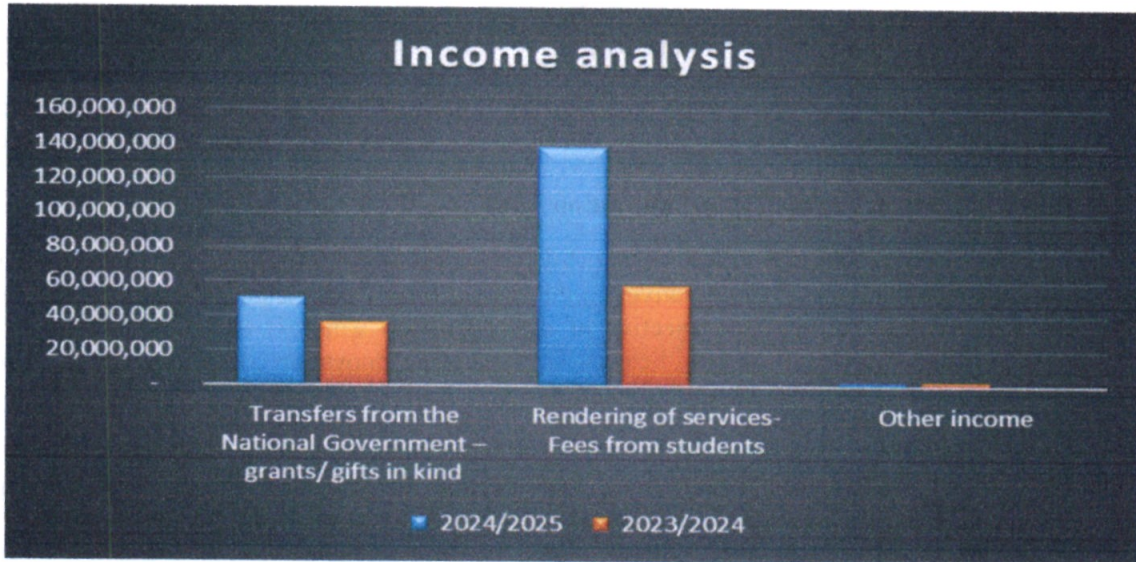
This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

**8 Management Discussion and Analysis**

During the year under review, Revenue from government reduced due to non-remittance of quarter four funding.

Revenue from exchange transactions increased mainly due to increase in the number of students.

Below is an analysis of income and expenses.



The Institution is experiencing tremendous growth and the management will have to vigorously pursue additional funding and technical support from the Government agencies and development partners. At the Institution level, activity-based costing method will be adopted both as a tool for activity planning and financial control. This will serve the role of ensuring that the Institution allocates resources based on planned and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan.

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To further enhance service delivery through effective financial management, the Institute will concentrate on eliminating wastages.

In this regard, the Institution will lobby and mobilize financial resources for Technical Training, Innovation and Research on Technical fields from the following sources;

**i. Government Funding**

With regard to Government funding, the Institution will prepare, present and justify proposals as a basis for resource bidding within the Government’s budgetary processes. In this regard, the Institution will coordinate with the Ministry of Education to ensure that the respective annual Sector Reports accommodate the needs of this plan

**ii. Constituency Development Fund (CDF)**

With regard to Constituency Development Fund, the Institution will prepare, present and justify proposals on development projects within the plan. The proposals will be presented to the Sotik CDF Development Committee for consideration.

**iii. National Science Technology & Innovation Fund**

The Institution through the Ministry of Education (MoE) will seek for funding from the Kenya National Science Technology and Innovation Fund on initiatives in the Institution that are Science Technology & Innovation based. This will be in line with the objective of the foundation which is to secure adequate local and international funding in support of national Science Technology & Innovation competitiveness in Kenya.

**iv. Donors (Development Partners)**

The Institute currently has a working relationship with development partners across the country and will continuously seek collaborations with like-minded institutions within and outside the country. The Institution as part of its national linkages will engage the support of development partners to fill in the resource gap between the resources allocated by the government through recurrent and development allocations as well as grants.

**v. County Government of Bomet**

Sotik Technical Training Institute is within Bomet County. The institution can benefit from the County Government through County bursaries to students and also through partnerships and collaborations.

**Risks and Opportunities facing Sotik Technical Training Institute**

1 strengths	2 weaknesses
<ul style="list-style-type: none"> <li>a) The institution enjoys substantial goodwill within its community</li> <li>b) Political goodwill from local political leaders.</li> <li>c) The strategic location of the institution is near Kapkelei market off Sotik-Ndanai tarmac road.</li> <li>d) Enrolment has continued to improve</li> <li>e) Institution has qualified and competent staff</li> <li>f) Availability of electricity</li> <li>g) Availability of Information Communication Technology facilities</li> <li>h) Availability of physical infrastructure</li> <li>i) Availability of power backup(generator)</li> </ul>	<ul style="list-style-type: none"> <li>a) Limited finance to implement anticipated projects</li> <li>b) Inadequate training facilities and equipment in workshops</li> <li>c) Inadequate skilled manpower</li> <li>d) Lack of water supply in the institution</li> <li>e) Community apathy towards training near home area</li> <li>f) Limited land space for infrastructural expansion</li> <li>g) Inadequate funding.</li> </ul>

3 opportunities	4 threats
<ul style="list-style-type: none"> <li>a) The high number of graduates from primary and secondary level of education who want to acquire technical skills.</li> <li>b) The location of institution is in close proximity to local industries such as tea factories and Kenya Co-operative Creameries</li> <li>c) Need to cope with rapid evolution of Science Technology and Innovation products and services such as Information Communication Technology, automation systems and industrial technology turnover for our graduates</li> <li>d) Availability of Higher Education Loan Board loans, bursaries from stakeholders and government capitation for Technical and Vocational Education and Training students</li> </ul>	<ul style="list-style-type: none"> <li>a) Migration of staff to greener pastures</li> <li>b) Poor road network serving the institute from Makutano junction and Kamureito</li> <li>c) High cost of Science Technology and Innovation programs including training equipment and text books</li> <li>d) Increase of commercial colleges that offer same curriculum and Universities that offer certificate and diploma courses meant for Technical and Vocational Education and Training colleges</li> <li>e) Minimal awareness and appreciation of Technical and Vocational Education and Technical Training</li> <li>f) Ignorance of the availability of training courses that meet the market demand</li> <li>g) The upcoming of new technical colleges around our catchment areas</li> </ul>

### Major Challenges

The following key challenges may hinder the full realization of the Sotik Technical Training Institute mandate if not addressed in this strategic plan.

- Capacity to cope with global trends in technology.
- Inadequate search, technology and incubation.
- Inadequate integration of Information Communication Technology in Training programmes offered in the institution.
- Inadequate land for future expansion.
- Inadequate staff and skills capacity.
- Inadequate and low technologically relevant training materials/equipment.
- Inadequate reference materials.
- Inaccessibility due to poor roads network.
- Lack of consistent tapped water supply.
- Inadequate number of trainers.
- Inadequate furniture for offices and trainees.

**Sotik Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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**Sotik Technical Training Institute compliance with statutory requirements**

Sotik Technical Training Institute complies to deduction and remittance of statutory deductions such as Social Health Insurance Fund (SHIF), National Social Security Fund (NSSF), Housing Levy and Pay As You Earn (PAYE).

**Key projects and investment decisions**

The project under consideration in the financial year 2024/2025 is summarised in the table below;

<b>Project</b>	<b>Completion rate</b>	<b>Budget</b>	<b>Actual</b>	<b>Source of funds</b>
Building and civil engineering workshop	100%	18,854,140	16,301,443	A-in-A

**9 Corporate Social Responsibility Statement/Sustainability reporting**

Sotik Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

**1. Sustainability strategy and profile -**

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

**Profit:** The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

**Social:** the institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

**Environment:** The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

**2. Employee welfare**

At Sotik Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

<b>Activity</b>	<b>Description</b>
Better training	Optimizing training operations to meet ongoing social and sustainability objectives. Providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	Focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	Promoting initiatives that support staff and their families, beyond the provision of employment. Promoting initiatives that recognize the contribution of the students to the community.

**a) Policies guiding hiring process**

The following are the Sotik Technical Training Institute Board policies that guide hiring process;

<b>S/no</b>	<b>Title</b>	<b>Review Period</b>	<b>Remarks</b>
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally.
2	Human Resource Manual	Regularly	This largely depends on availability of funds Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Sotik Technical Training Institute observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the Persons With Disability Act and Board employment policies

**3. Market place practices-**

**Responsible Supply Chain and Supplier relations**

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

Sotik Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

**Sotik Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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**10 Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Sotik Technical Training Institute's affairs.

**Principal activities**

The principal activity of the Sotik Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

**Results**

The results of the entity for the year ended June 30 2025 are set out on page 1-27

**Board of Governors**

The members of the Board who served during the year are shown on page iv. During the year there was no board member who resigned.

**Auditors**

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

By Order of the Board

JOEL K. MARITIM  
Principal/Secretary of the board.  
Sotik Technical Training Institute.

Sign:  .....

Date: 13.12.2025 .....

### **11 Statement of Board of Governors' Responsibilities**

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


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


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

Nothing has come to the attention of the Board of Governors to indicate that Sotik Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

The Sotik Technical Training Institute's financial statements were approved by the Board on 13.12.2025 and signed on its behalf by:

  
.....  
DANIEL K. KIRUI  
Chairman of the Board

  
.....  
JOEL K. MARITIM  
Accounting Officer/Principal


**Sotik Technical Training Institute**  
**Annual Reports and Financial Statements for the year ended June 30, 2025**

**13 Statement of Financial Performance for the Year Ended 30 June 2025**

Description	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	50,409,693	35,910,332
<b>Total Revenue from non-exchange transactions</b>		<b>50,409,693</b>	<b>35,910,332</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	138,274,796	57,722,326
Other income	8	1,570,779	2,338,711
<b>Revenue from exchange transactions</b>		<b>139,845,575</b>	<b>60,061,037</b>
<b>Total revenue</b>		<b>190,255,268</b>	<b>95,971,369</b>
<b>Expenses</b>			
Use of goods and services	9	82,303,999	62,474,555
Employee costs	10	21,187,692	12,782,469
Depreciation and amortization expense	11	14,596,353	14,852,155
Repairs and maintenance	12	5,057,321	5,867,491
Board allowances	13	619,500	794,500
<b>Total expenses</b>		<b>123,764,865</b>	<b>96,771,170</b>
<b>Net Surplus for the year</b>		<b>66,490,403</b>	<b>(799,801)</b>

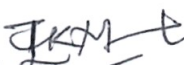
The notes set out on pages 1 to 27 form an integral part of these Financial Statements

Dr. Daniel K. Kirui  
 Chairman of the Board  
 ID NO: 9043604

Sign:  .....

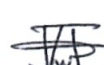
Date: 13.12.2025

Joel K. Maritim  
 Principal  
 ID NO:9233834

Sign:  .....

Date: 13.12.2025

Joseah K. Kirui  
 Finance Officer  
 ICPAK No: 24604

Sign:  .....

Date: 13.12.2025

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON SOTIK TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Sotik Technical Training Institute set out on pages 1 to 29 which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sotik Technical Training Institute 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 Standard (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. Inaccuracy of Rendering of services - Fees from Students**

The statement of financial performance reflects rendering of services – fees from students amounting to Kshs.138,274,796. Review of records revealed that Institute has 3,800 enrolled students. The fees payable per student is Kshs.67,189. The expected tuition fees from all enrolled students are, therefore, Kshs.255,318,200 which should be disclosed resulting in unexplained variance of Kshs.117,043,404.

Further, the amount includes registration and examination fees of Kshs.14,514,645. However, the approved fee structure for the Institute provides that students are required to pay registration fees of Kshs.1,000 and examination fees of Kshs.10,769, all totalling Kshs.11,769 per student. Based on 3,800 students enrolled, registration fees amounting to Kshs.44,722,200 was due from students which should have disclosed resulting in unexplained variance of Kshs.30,207,555.

In the circumstances, the accuracy and completeness of rendering of services – fees from students amounting to Kshs.138,274,796 could not be confirmed.

#### **2. Inaccuracy of Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 15 to the financial statements reflects receivables from exchange transactions totalling Kshs.102,871,021. Review of records revealed that the receivables relate to student debtors. However, fees statement or student debtors control ledger indicating the students' details, fees chargeable, actual payments received, and outstanding balance in support of the receivables was not provided for audit review.

Further, the amount includes receivables totalling Kshs.7,841,510 which have remained outstanding for more than one year. However, no provisions have been made for bad and doubtful debts.

In the circumstances, the accuracy and completeness receivables from exchange transactions totalling Kshs.102,871,021 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final budgeted income of Kshs.163,072,037 and actual on comparable basis income of Kshs.95,653,449, resulting to under-funding of Kshs.67,418,588 or forty-one percent (41%) of the budgeted income. Similarly, the statement reflects actual expenditure amounting to 80,063,816 against actual receipts of Kshs.95,653,449 resulting in under-absorption of Kshs.15,589,633.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the audit of the previous year, twelve (12) issues were raised under the Report on the Financial Statements as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

### **Other Information**

Management is responsible for the Other Information set out on page ii to xxiv which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Corporate Social Responsibility, Report of the Board of Governors, and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statement**

The financial statements for the year under review were submitted to Auditor-General on 26 September, 2025 almost one (1) month after statutory date of submission financial statements of 31 August, 2025. This was contrary to National Treasury Circular Ref: No. AG.3/88 Vol.VII (41) of 4 December, 2024 required all public sector entities for both National and County Governments to prepare and submit annual financial statements to the Auditor General by 31 August, 2025.

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

#### **2. Irregular Procurement of Fuel and Lubricants.**

The statement of financial performance reflects use of goods and services of Kshs.73,774,893. The amount includes fuel and lubrications totalling Kshs.2,438,300 as disclosed in Note 9 to the financial statements. Review of records revealed cash payments totalling to Kshs.1,913,898 for purchase of fuel and lubrication. This was contrary to Section 107 of the Public Procurement and Asset Disposal Act, 2015 which states that, a procuring entity may use a low-value procurement procedure if the entity is procuring low value items which are not procured on a regular or frequent basis and are not covered in framework agreement.

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

### **3. Irregular Establishment of a Satellite Campus**

Review of records revealed that a satellite campus was established in Sotik Town, Bomet County. However, inspection reports, licenses, registration certificates, and accreditation approvals issued by the Technical and Vocational Education and Training Authority (TVETA) were not provided for audit verification. This was contrary to Section 7 of the Technical and Vocational Education and Training Act, 2013 requires the Technical and Vocational Education and Training Authority (TVETA) to inspect, license, register, and accredit training institutions. The Authority also approves the introduction of new training programmes and to review existing programmes in Technical and Vocational Education and Training institutions.

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

### **4. Non- Compliance with the Law on Ethnic Composition**

Review of human resources records provided revealed that the Institute has a work force of one hundred and forty-one (141) out of whom one hundred and twenty-five (125) or 89% are of the same ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 states that no public establishment shall have more than one-third of its staff from the same ethnic community.

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**

#### **Use of Manual Financial Record-Keeping System**

The Institute is currently using Microsoft Excel (manual spreadsheets) as the primary tool for recording, maintaining, and tracking revenue collections and expenditure transactions. The Institute does not use an integrated automated accounting or financial management

system capable of generating secure audit trails, performing system controls, and ensuring data integrity.

In the circumstance, existence of effective data confidentiality, integrity and availability 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 Management and Board of Directors**

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 Institute'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 Governors are responsible for overseeing the Institute'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**

**16 December, 2025**

## Appendix I

### Unresolved Prior Year Audit Matters

No.	Financial Year	Issue
1	2023/2024	Misstatement of Rendering of Services Amount
2	2023/2024	Unsupported Repairs and Maintenance
3	2023/2024	Unsupported Cash and Cash Equivalent Balance
4	2023/2024	Inaccuracies in Property, Plant and Equipment Balance
5	2023/2024	Failure to Disclose Biological Assets
6	2023/2024	Unconfirmed Refundable Deposits from Customers Balance
7	2023/2024	Misstated Receivables from Exchange Transactions Amount
	2023/2024	Budgetary Control and Performance
8	2023/2024	Prior year Matters
9	2023/2024	Failure to Implement Enterprise Resource Planning (ERP) System
10	2023/2024	Irregular Hire of Interns
11	2023/2024	Failure to Comply with Ethnic Diversity Provision
12	2023/2024	Failure to Insure Institute's Assets

Sotik Technical Training Institute  
Annual Reports and Financial Statements for the year ended June 30, 2025

14 Statement of Financial Position as at 30 June 2025

Description	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	1,729,389	875,024
Receivables from exchange transactions	15	102,871,021	9,346,204
Inventories	16	544,000	224,700
<b>Total Current Assets</b>		<b>105,144,410</b>	<b>10,445,928</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	198,392,605	186,115,543
Biological Assets	18	415,000	-
Intangible assets - WIP	19	-	2,794,000
<b>Total Non-current Assets</b>		<b>198,807,605</b>	<b>188,909,543</b>
<b>Total assets</b>		<b>303,952,015</b>	<b>199,355,471</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	20	45,620,701	6,602,560
Refundable deposits from customers	21	-	912,000
<b>Total Current Liabilities</b>		<b>45,620,701</b>	<b>7,514,560</b>
<b>Total liabilities</b>		<b>45,620,701</b>	<b>7,514,560</b>
<b>Reserves</b>			
Accumulated surplus	23	146,796,838	74,176,974
Capital Fund	22	72,458,426	78,587,887
Revaluation reserve	25	39,076,050	39,076,050
<b>Total Capital and Reserves</b>		<b>258,331,314</b>	<b>191,840,911</b>
<b>Total Liabilities and Reserves</b>		<b>303,952,015</b>	<b>199,355,471</b>

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Board of Governors by:

Dr. Daniel K. Kirui  
Chairman of the Board  
ID NO: 9043604

Sign: 

Date: 13.12.2025

Joel K. Maritim  
Principal  
ID NO:9233834

Sign: 

Date: 13.12.2025

Joseah K. Kirui  
Finance Officer  
ICPAK No: 24604

Sign: 

Date: 13.12.2025

15 Statement of Changes in Net Assets for the Year ended 30 June 2025

Description	Notes	Accumulated Reserves KShs	Capital Grants KShs	Revaluation reserve KShs	Total KShs
<b>At start of the year 1 July, 2023</b>		67,179,700	71,384,961	39,076,050	177,640,712
Capital donations during the year- computers	22		15,000,000		15,000,000
Surplus for the year		(799,801)	-		(799,801)
Transfer of depreciation from accumulated surplus to capital fund	24	7,797,075	(7,797,075)		-
<b>At end of year 30 June 2024</b>		74,176,974	78,587,887	39,076,050	191,840,911
Surplus for the year		66,490,403	-		66,490,403
Transfer of depreciation from accumulated surplus to capital fund	24	6,129,461	(6,129,461)		-
<b>At end of year 30 June 2025</b>		<b>146,796,838</b>	<b>72,458,426</b>	<b>39,076,050</b>	<b>258,331,314</b>

**Sotik Technical Training Institute**  
**Annual Reports and Financial Statements for the year ended June 30, 2025**

**16 Statement of Cash Flows for the Year Ended 30 June 2025**

Description	Notes	2024/2025	2023/2024
		kshs	kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfer from the National Government	6	40,409,693	35,910,332
Rendering of services- Fees from students	7	53,716,649	54,323,262
Prior year fee arrears collected during the year		121,329	274,689
Other income	8	1,405,779	2,338,711
<b>Revenue from exchange transactions</b>		<b>55,243,757</b>	<b>56,936,662</b>
<b>Total receipts</b>		<b>95,653,449</b>	<b>92,846,994</b>
<b>Payments</b>			
Use of goods and services	9	52,375,719	61,419,170
Employee costs	10	17,879,315	12,782,469
Repairs and maintenance	12	4,010,811	5,821,691
Board allowances	13	619,500	794,500
Prior year payables paid during the year		4,798,561	6,074,040
<b>Total Payments</b>		<b>79,683,906</b>	<b>86,891,870</b>
<b>Net cash flow from operating activities</b>	27	<b>15,969,543</b>	<b>5,955,124</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(14,865,178)	(13,877,366)
Purchase of intangible assets		-	-
Purchase of biological assets		(250,000)	-
<b>Net cash flows used in investing activities</b>		<b>(15,115,178)</b>	<b>(13,877,366)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>854,365</b>	<b>(7,922,242)</b>
Cash and cash equivalents at 1 JULY		875,024	8,797,266
<b>Cash and cash equivalents at 30 JUNE</b>	14	<b>1,729,389</b>	<b>875,024</b>

Sotik Technical Training Institute  
**Annual Reports and Financial Statements for the year ended June 30, 2025**

**17 Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization difference %age
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from other Govt entities	55,920,000	0	55,920,000	40,409,693	(15,510,308)	-28%
Rendering of services- Fees from students	97,117,037	0	97,117,037	53,837,978	(43,279,059)	-45%
Other income	10,035,000	0	10,035,000	1,405,779	(8,629,221)	-86%
<b>Total income</b>	<b>163,072,037</b>	<b>0</b>	<b>163,072,037</b>	<b>95,653,449</b>	<b>(67,418,588)</b>	<b>-41%</b>
<b>Expenses</b>						
Compensation of employees	31,175,526	0	31,175,526	17,879,315	(13,296,211)	-43%
Use of Goods and services	80,041,511	0	80,041,511	57,271,280	(22,770,231)	-28%
Repairs and maintenance	4,922,000	0	4,922,000	4,010,811	(911,189)	-19%
Remuneration of directors	2,880,000	0	2,880,000	619,500	(2,260,500)	-78%
<b>Total expenditure</b>	<b>119,019,037</b>	<b>0</b>	<b>119,019,037</b>	<b>79,780,906</b>	<b>(39,238,131)</b>	
<b>Surplus for the period</b>	<b>44,053,000</b>	<b>0</b>	<b>44,053,000</b>	<b>15,872,543</b>	<b>(28,180,457)</b>	
<b>Capital expenditure</b>	<b>44,053,000</b>	<b>0</b>	<b>44,053,000</b>	<b>14,865,178</b>	<b>(29,187,822)</b>	
<b>Surplus for the period after capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,007,365</b>	<b>1,007,365</b>	

Reconciliation between the actual revenue and expenditure as per the statement of financial performance and as per the Statement of Comparison of Budget and Actual Amounts

	Amount
	KShs.
Total revenue as per the statement of financial performance	190,255,268
Add: receipt from students in relation to prior year invoices	121,329
Less fair value gain	(165,000)
Less: student fees accrued in the current year	(94,558,148)
Total revenue as per the statement of Comparison of Budget and Actual Amounts	<b>95,653,449</b>
Total current expenditure as per the statement of financial performance	123,764,865
Less: depreciation charge	(14,596,353)
Add: prior year payables paid during the year	4,798,562

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**Annual Reports and Financial Statements for the year ended June 30, 2025**

Training materials held as at end of year transferred to inventories	319,300
Less: prior year ERP cost written off	- 990,000
Less: Current year unpaid expenditure	(33,612,468)
Total current expenditure as per the statement of Comparison of Budget and Actual Amounts	<b>79,683,906</b>
Total additions to capital expenditure as per note 19 to the financial statements	26,873,415
Less: additions to capital expenditure payable as at year end	(12,008,237)
Total additions to capital expenditure as per the statement of Comparison of Budget and Actual Amounts	<b>14,865,178</b>

**Budget notes;**

- The variance was as a result of capitation for quarter 4 and was not disbursed.
- Non remittance of scholarship funding to all students.
- Non remittance of HELB loan to all students yet they applied.

**18 Notes to the Financial Statements**

**1. General Information**

Sotik Technical Training Institute is established by and derives its authority and accountability from Public Finance Management. The Sotik Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Sotik Technical Training Institute’s principal activity is to provide quality and technical knowledge, skills and competences that promotes innovation and creativity.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Sotik Technical Training Institute’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Sotik Technical Training Institute.

The financial statements have been prepared in accordance with the Public Finance Management Act, the State Corporations Act, the Technical and Vocational Education and Training Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

There are no new standards in the year ended 30th June 2025

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><b>Applicable 1<sup>st</sup> January 2025</b></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><b>There is no impact of the standard to the Entity</b></p>
IPSAS 44:	<b>Applicable 1<sup>st</sup> January 2025</b>

Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</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><b>There is no impact of the standard to the Entity</b></p>
IPSAS 45: Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>Due to application of IPSAS 45, the classes of fixed assets have been expanded to accommodate infrastructure assets.</b></p>
IPSAS 46: Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>No impact of the standard to the Entity</b></p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b>No impact of the standard to the Entity</b></p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

	<b>No impact of the standard to the Entity</b>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></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><b>No impact of the standard to the Entity</b></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></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"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ol> <p><b>No impact of the standard to the Entity</b></p>

### iii. Early adoption of standards

Sotik Technical Training Institute did not early adopt any new or amended standards in year 2025

**Notes to the Financial Statements (continued)**

**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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

The Sotik Technical Training Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b) Budget information**

The original budget for financial year 2024/2025 was approved by the Board of Governance on 14/06/2024 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Sotik Technical Training Institute'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 a 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 actual as per the statement of financial performance has been presented under section 13 of financial provisions of Technical and Vocational Education and Training Act No. 29 of 2013 of these financial statements.

**c) 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 of the items. 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.

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	20
Motor vehicles	12.5
Library books	10
Furniture and fittings	12.5
Transformer	10
Computer equipment	30
Culverts,Cabros,Terrazo,Pavements & Tents	20
Temporary Structures	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

**d) 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

**Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

**e) Research and development costs**

The Sotik Technical Training Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Sotik Technical Training Institute 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) 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 Sotik Technical Training Institute.

**j) Provisions**

Provisions are recognized when the Sotik Technical Training Institute 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.

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Where the Sotik Technical Training Institute 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.

**k) Nature and purpose of reserves**

**a. Accumulated surpluses**

This relates to surpluses brought forward and the one for the current year.

**b. Capital reserves**

This relates to fixed assets granted by the government or any other donor.

**l) Changes in accounting policies and estimates**

Sotik Technical Training Institute recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurate and fairly state the position and performance than the cash basis.

**m) Employee benefits**

**Retirement benefit plans**

The Institution and its employees contribute to the National Social Security Fund (NSSF), a Statutory defined contribution scheme registered under the National Social Security Fund Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

**n) Related parties**

Sotik Technical Training Institute 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 Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the Ministry of Education is also related party to the Sotik Technical Training Institute.

**o) 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 Kenya commercial bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**p) Comparative figures**

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

**q) 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 Sotik Technical Training Institute'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.

The board of Governance made only one significant judgement in preparing these financial statements.

**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 Institute.
- 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.

## Notes to the Financial Statements (continued)

## 6. Transfers from Other Levels of Government

Description	2024-2025	2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Capitation grants	15,612,425	25,234,000
Scholarship funds (MOE)	24,797,268	10,676,332
<b>Conditional grants</b>		
Training Equipment	10,000,000	-
<b>Total government grants and subsidies</b>	<b>50,409,693</b>	<b>35,910,332</b>

## Transfers from ministries, departments and agencies

Ministry of Education	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			KShs	KShs	KShs
State department of Vocational and Training	50,409,693	-	-	50,409,693	35,910,332
<b>Total</b>	<b>50,409,693</b>	<b>-</b>	<b>-</b>	<b>50,409,693</b>	<b>35,910,332</b>

## 7. Rendering of Services

Description	2024-2025	2023-2024
	KShs	KShs
Tuition fees	119,760,311	46,302,887
Bursary fees	2,415,970	1,764,286
Activity fees	20,900	22,330
Registration and Examination fees	14,514,645	8,839,823
Industrial attachment fees	1,562,970	793,000
<b>Total Rendering of Services</b>	<b>138,274,796</b>	<b>57,722,326</b>

## 8. OTHER INCOME

Description	2024-2025	2023-2024
	KShs	KShs
Student council	2,000	2,300
Student ID's	7,500	76,650
Internet fee	7,480	3,950
Other income generating activities	423,200	141,565
Medical	2,800	6,580
Food & Beverage Practicals	151,149	289,090
Graduation fee	-	323,440
Computer Packages	104,750	40,000

Hire of facilities	706,900	1,455,136
Fair value on biological assets	165,000	-
<b>Total other income</b>	<b>1,570,779</b>	<b>2,338,711</b>

### 9. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Electricity and Water	1,134,425	1,686,111
Student IDs	418,550	265,780
Examination and registration	25,997,637	13,514,041
Subscriptions	98,750	84,150
Activity	2,891,742	2,590,813
Advertising	978,302	635,552
Administration cost	4,073,011	3,049,855
Printing and stationery	6,445,304	6,283,692
Bank charges	51,714	54,702
Skills development/Capacity building	1,820,280	1,226,247
Telecommunication	800,847	1,220,769
Training expenses	-	668,878
Other -Student council	701,860	961,315
Medical	1,477,055	684,055
Insurance	553,292	466,842
Industrial Attachments	904,500	689,520
Cleaning	1,738,402	2,364,856
Training materials expenses	21,053,521	10,965,374
Fuel and Lubrications	2,438,300	2,813,574
Local Travel and transport	3,159,810	5,076,237
Consumables	2,633,054	1,976,129
Hire charges	22,500	-
Library expense	7,500	7,500
Conference expenses	-	495,350
IGA expenses	2,026,643	1,483,192
TVETA Charges	877,000	-
Graduation expenses	-	3,205,021
Bursary	-	5,000
<b>Total good and services</b>	<b>82,303,999</b>	<b>62,474,555</b>

## Notes to the Financial Statements (continued)

## 10. Employee Costs

	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	19,275,966	11,718,855
Social contributions	1,911,726	1,063,614
<b>Employee costs</b>	<b>21,187,692</b>	<b>12,782,469</b>

## 11. Depreciation Expense

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	14,596,353	14,852,155
<b>Total depreciation and amortization</b>	<b>14,596,353</b>	<b>14,852,155</b>

## 12. Repairs and Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Property	3,619,594	5,867,491
Vehicles	1,437,727	
<b>Total repairs and maintenance</b>	<b>5,057,321</b>	<b>5,867,491</b>

## 13. Board Allowances

Description	2024-2025	2023-2024
	KShs	KShs
Board allowances	619,500	794,500
<b>Total board remuneration</b>	<b>619,500</b>	<b>794,500</b>

## 14. Cash and Cash Equivalents

The carrying amounts of the institution's cash and cash equivalents are denominated in Kenya Shillings.

Description	2024-2025	2023-2024
	KShs	KShs
Current account	1,715,380	825,861
Others (Cash)	14,009	49,163
<b>Total cash and cash equivalents</b>	<b>1,729,389</b>	<b>875,024</b>

The institution's cash and bank balances are held with a major Kenyan financial institution and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be.

**14 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2024-2025	2023-2024
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank-FEES	1225821479	566,579.45	387,365.15
Kenya Commercial bank -Recurrent	1212348028	2,101.30	207,434.30
Kenya Commercial bank -CDF A/C	1234234645	-	559
Kenya Commercial bank-DEV'T A/C	1212348125	1,146,699	230,503
<b>Sub- total</b>		<b>1,715,379.75</b>	<b>825,861.45</b>
Cash on hand		14,009	49,163
<b>Sub- total</b>		<b>14,009</b>	<b>49,163</b>
<b>Grand total</b>		<b>1,729,388.75</b>	<b>875,024.45</b>

**15. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**15.(a) Current Receivables from Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
<b>Current receivables</b>		
Sundry debtors	102,871,021	9,346,204
<b>Total receivables</b>	<b>102,871,021</b>	<b>9,346,204</b>

These are receivables from students relating to the school fees payable for the year and it includes Government scholarship. During the year, there were no defaults from these debtors.

**15 (b) Ageing Analysis of Receivables from Exchange transactions**

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	95,029,511	92%	2,846,654	31%
Between 1- 2 years	3,046,431	3.4%	1,583,142	17%
Between 2-3 years	2,703,160	2.6%	2,824,489	30%
Over 3 years	2,091,919	2%	2,091,919	22%
<b>Total</b>	<b>102,871,021</b>	<b>100%</b>	<b>9,346,204</b>	<b>100%</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Electrical Stores	80,000	54,500
Stationery Stores	200,000	41,000
Mechanical Stores	60,000	14,000
Plumbing Stores	74,000	38,000
Cleaning Materials Stores	35,000	32,000
Catering Stores	45,000	16,800
General Agriculture Stores	50,000	28,400
<b>Total inventories</b>	<b>544,000</b>	<b>224,700</b>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Concretes, terrazzo and Pavements	Fence	Dairy shed, greenhouse and	Computers and Accessories	Motor vehicles	Office Equipment & Furniture	Generator and Transformer	Library Books	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
	2%	20%	20%	20%	10%	30%	12.5%	12.5%	10%	10%		
At 30 <sup>th</sup> June 2023	7,200,000	111,229,066	6,194,687	511,000	4,124,219	1,374,000	17,351,300	27,222,020	4,582,250	1,001,500	-	180,790,042
Additions	-	4,933,260	-	-	-	497,921	4,594,240	2,375,010	-	-	-	15,000,000
Capital grants	-	-	-	-	-	15,000,000	-	-	-	-	3,404,935	15,805,366
At 30 <sup>th</sup> June 2024	7,200,000	116,162,326	6,194,687	511,000	4,124,219	16,871,921	21,945,540	29,597,030	4,582,250	1,001,500	3,404,935	211,595,408
Additions	-	1,882,150	-	644,000	-	2,017,856	-	9,277,115	-	155,786	12,896,508	26,873,415
Transfer of capital work in progress	-	16,301,443	-	-	-	-	-	-	-	-	(16,301,443)	-
At 30 <sup>th</sup> June 2025	7,200,000	134,345,919	6,194,687	1,155,000	4,124,219	18,889,777	21,945,540	38,874,145	4,582,250	1,157,286	-	238,468,823
Depreciation and impairment	-	-	-	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2023 as restated	-	2,224,581	2,057,776	183,960	412,422	412,200	437,500	3,402,753	1,086,395	410,124	-	10,627,711
Depreciation	-	2,278,755	827,382	65,408	371,180	4,937,916	2,688,505	3,274,285	349,586	59,138	-	14,852,155
At 30 <sup>th</sup> June 2024	-	4,503,336	2,885,158	249,368	783,602	5,350,116	3,126,005	6,677,038	1,435,981	469,262	-	25,479,866
Depreciation	-	2,596,852	661,906	181,126	334,062	4,061,898	2,352,442	4,024,638	314,627	68,802	-	14,596,353
At 30 <sup>th</sup> June 2025	-	7,100,188	3,547,064	430,494	1,117,664	9,412,014	5,478,447	10,701,676	1,750,608	538,064	-	40,076,219
Net book values												
At 30 <sup>th</sup> June 2025	7,200,000	127,245,731	2,647,623	724,506	3,006,555	9,477,763	16,467,093	28,172,470	2,831,642	619,222	-	198,392,605
At 30 <sup>th</sup> June 2024	7,200,000	111,658,990	3,309,529	261,632	3,340,617	11,521,805	18,819,535	22,919,993	3,146,269	532,238	3,404,935	186,115,543

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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). The assets were revalued by Mackland Valuers Limited professional valuers on September 2022. These amounts were adopted in the financial statements on 30<sup>th</sup> June 2023.

17 (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:

	Cost as at 30 June 2024	Additions	Total cost as at 30 June 2025	Accumulat ed Depreciati on B/F	Charge for the year	NBV As at 30 June 2025
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Buildings and Structures	116,162,326	18,183,593	134,345,919	4,503,336	2,596,852	127,245,731
Culverts, cabro, Terrazzo and Pavements	6,194,687	-	6,194,687	2,885,158	661,906	2,647,623
Tents	511,000	644,000	1,155,000	249,368	181,126	724,506
Dairy shed, green house and temporary buildings	4,124,219	-	4,124,219	783,602	334,062	3,006,555
Computers and Accessories	16,871,921	2,017,856	18,889,777	5,350,116	4,061,898	9,477,763
Motor vehicles	21,945,540	-	21,945,540	3,126,005	2,352,442	16,467,093
Office Equipment & Furniture	29,597,030	9,277,115	38,874,145	6,667,038	4,024,638	28,172,470
Generator and Transformer	4,582,250	-	4,582,250	1,435,981	314,627	2,831,642
Land	7,200,000	-	7,200,000	-	-	7,200,000
Library Books	1,001,500	155,786	1,157,286	469,262	68,802	619,222
<b>TOTAL</b>	<b>208,190,473</b>	<b>30,278,350</b>	<b>238,468,823</b>	<b>25,479,866</b>	<b>14,596,353</b>	<b>198,392,605</b>

18. Biological Assets

Description	2024-2025	2023-2024
	KShs	KShs
<b>Cost</b>		
Mature cows	315,000	-
Calves	100,000	-
<b>At end of year</b>	<b>415,000</b>	<b>-</b>

19. Intangible assets (ERP System)

Description	2024-2025	2023-2024
	KShs	KShs
<b>Cost</b>		
At start of year	2,794,000	2,794,000
Additions	-	-
Obsolete	(2,794,000)	-
<b>At end of year</b>	<b>-</b>	<b>2,794,000</b>

20. Trade and Other Payables from Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Trade payables	45,620,701	6,602,560
<b>Total trade and other payable</b>	<b>45,620,701</b>	<b>6,602,560</b>

Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	45,620,701	100%	3,125,586	47%
1-2 years	0	0%	3,476,975	53%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total</b>	<b>45,620,701</b>	<b>100%</b>	<b>6,602,561</b>	<b>100%</b>

21. Refundable Deposits from Customers

Description	2024-2025	2023-2024
	KShs	KShs
Caution money	-	912,000
<b>Total deposits</b>	<b>-</b>	<b>912,000</b>

Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	-	-	-	0%
1-2 years	-	-	-	0%
2-3 years	-	-	-	0%
Over 3 years	-	-	912,000	100%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>912,000</b>	<b>100%</b>

## 22. Capital Grants

Description	2024-2025	2023-2024
	KShs	KShs
<b>Tracking land donated</b>		
Cost as per valuation report	7,200,000	7,200,000
<b>Tracking buildings donated</b>		
<b>Cost</b>	50,810,350	50,810,350
Accumulated depreciation brought forward	6,700,588	(5,800,389)
Depreciation rate on reducing balance basis	2%	2%
<b>Charge for the year</b>	<b>882,195</b>	<b>900,199</b>
<b>NBV of donated buildings</b>	<b>43,227,567</b>	<b>44,109,762</b>
<b>Tracking donated equipment</b>		
Cost	16,112,500	16,112,500
Depreciation rate	12.5%	12.5%
Accumulated depreciation brought forward	2,014,063	-
Charge for the year	1,762,305	<b>2,014,063</b>
<b>NBV of donated equipment</b>	<b>12,336,133</b>	<b>14,098,438</b>
<b>Tracking donated computers</b>		
Cost	15,000,000	15,000,000
Depreciation rate	30.0%	30.0%
Accumulated depreciation brought forward	4,500,000	-
Charge for the year	3,150,000	<b>4,500,000</b>
<b>NBV donated computers</b>	<b>7,350,000</b>	<b>10,500,000</b>
<b>Motor vehicles donated</b>		
<b>cost</b>		
Motor vehicle donated by CDF Toyota Double cabin - GKB 029U	2,200,000	2,200,000
Motor vehicle donated by MOE Toyota Rush - GKB 540U	1,300,000	1,300,000
<b>Total cost - donated motor vehicles</b>	<b>3,500,000</b>	<b>3,500,000</b>
Accumulated depreciation brought forward	820,313	437,500
Depreciation rate on reducing balance basis	12.5%	12.5%
<b>Charge for the year</b>	334,961	382,813
<b>NBV of donated motor vehicles</b>	<b>2,344,726</b>	<b>2,679,687</b>
<b>Total net capital reserve</b>	<b>72,458,426</b>	<b>78,587,887</b>
<b>Total capital grants depreciation</b>	<b>6,129,461</b>	<b>7,797,074</b>

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23. Accumulated Surpluses

Description	2024-2025	2023-2024
	KShs	KShs
At start of year	74,176,974	69,762,251
Surplus for the year	66,490,403	(799,801)
Depreciation for Equipment and furniture understated	-	(2,582,550)
Transfer of capital grants depreciation	6,129,461	7,797,074
<b>Total Accumulated surpluses</b>	<b>146,796,838</b>	<b>74,176,974</b>

24. Depreciation being transferred from accumulated surplus to capital grants reserve

Description	2024-2025	2023-2024
	KShs	KShs
<b>a) Buildings donated</b>		
<b>Cost</b>	50,810,350	50,810,350
Accumulated depreciation brought forward	(6,700,588)	(5,800,389)
Depreciation rate on reducing balance basis	2%	2%
<b>Charge for the year - buildings</b>	<b>882,195</b>	<b>900,199</b>
	<b>43,227,567</b>	<b>44,109,762</b>
<b>b) Motor vehicles donated</b>		
<b>cost</b>		
Motor vehicle donated by CDF Toyota Double cabin - GKB 029U	2,200,000	2,200,000
Motor vehicle donated by MOE Toyota Rush - GKB 540U	1,300,000	1,300,000
<b>Total cost - donated motor vehicles</b>	<b>3,500,000</b>	<b>3,500,000</b>
Accumulated depreciation brought forward	820,313	-437,500
Depreciation rate on reducing balance basis	12.5%	12.5%
<b>Charge for the year - Vehicles</b>	<b>334,961</b>	<b>382,813</b>
<b>NBV of donated motor vehicles</b>	<b>2,344,726</b>	<b>2,679,687</b>
<b>c) Equipment and Furniture donated</b>		
<b>Cost</b>	16,112,500	16,112,500
Depreciation rate	12.5%	12.5%
Accumulated depreciation brought forward	2,014,063	-
Charge for the year	<b>1,762,305</b>	<b>2,014,063</b>
<b>NBV of donated equipment</b>	<b>12,336,133</b>	<b>14,098,438</b>
<b>d) Computers donated</b>		
<b>Cost</b>	15,000,000	15,000,000
Depreciation rate	30.0%	30.0%
Accumulated depreciation brought forward	4,500,000	-
Charge for the year	<b>3,150,000</b>	<b>4,500,000</b>
<b>NBV of donated computers</b>	<b>7,350,000</b>	<b>10,500,000</b>
Total depreciation charge for the year to be charged to capital donation reserve	<b>6,129,461</b>	<b>7,797,074</b>

**25. Revaluation reserve**

	2024-2025	2023-2024
	KShs	KShs
<b>a) Permanent buildings</b>		
Cost as at 30th June 2022	84,277,964	84,277,964
Less Accumulated depreciation	(6,323,216)	(6,323,216)
Net book value as at 30th June 2022	77,954,748	77,954,748
Market value upon valuation	111,229,066	111,229,066
Revaluation reserve (Market value less NBV)	<b>33,274,318</b>	<b>33,274,318</b>
<b>b) Semi-permanent buildings</b>		
Cost as at 30th June 2022	1,769,145	1,769,145
Less Accumulated depreciation	(312,041)	(312,041)
Net book value as at 30th June 2022	1,457,104	1,457,104
Market value upon valuation	2,710,934	2,710,934
Revaluation reserve (Market value less NBV)	<b>1,253,830</b>	<b>1,253,830</b>
<b>c) Equipment and furniture</b>		
Cost as at 30th June 2022	3,133,736	3,133,736
Less Accumulated depreciation	(1,031,838)	(1,031,838)
Net book value as at 30th June 2022	2,101,898	2,101,898
Market value upon valuation	6,649,800	6,649,800
Revaluation reserve (Market value less NBV)	4,547,902	4,547,902
<b>Total revaluation reserve (a+b+c)</b>	<b>39,076,050</b>	<b>39,076,050</b>

**26. Prior year adjustments**

Prior year adjustments relates to Valuation of furniture and equipment that was done in the financial year 2022/2023 but was not captured in the financial statements. Some of the equipment were donated and the value was not known until the valuation was done.

**The prior year adjustments were:**

- ❖ To recognize the market prices of the furniture and equipment that were purchase by the Institute and also the ones that were internally made using labour based approach.
- ❖ To recognize the furniture and equipment that were donated by the government but the value was not known until the valuation of the same was done.

	Accumulated surplus	Capital donation	Revaluation reserve	Total reserve
	KShs	KShs	KShs	KShs
<b>Reserves as at 30 June 2024</b>	<b>69,762,251</b>	<b>55,272,461</b>	<b>34,528,148</b>	<b>159,562,860</b>
<b>Adjusted for:</b>				
Market value of the donated furniture and equipment	-	16,112,500	-	16,112,500
Revaluation reserve arising from furniture & equipment initially recorded in the books at cost	-	-	4,547,902	4,547,902
Depreciation arising from the revaluation of furniture and equipment not recognised in 2022/2023	(2,582,550)			(2,582,550)
<b>Reserves as at 30 June 2025</b>	<b>67,179,700</b>	<b>71,384,961</b>	<b>39,076,050</b>	<b>177,640,712</b>

**27. Cash Generated from Operations**

	2024-2025	2023-2024
	KShs	KShs
Surplus for the year	66,490,403	(799,801)
<b>Adjusted for:</b>		
Depreciation and amortisation	14,596,353	14,852,155
Impairment loss - on ERP written off	2,794,000	-
Fair valuation of biological assets	(165,000)	-
Working Capital adjustments		-
Increase in inventories	(319,300)	(96,400)
Decrease/(increase) in receivables	(93,524,817)	(2,571,965)
(Decrease)/increase in payables	26,097,904	(5,428,865)
Net cash flow from operating activities	<b>15,969,543</b>	<b>5,955,124</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**28. RELATED PARTY BALANCES**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Sotik Technical Training Institute, holding 100% of the Sotik Technical Training Institute's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;

**29. EVENTS AFTER THE REPORTING PERIOD**

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

**30. ULTIMATE AND HOLDING ENTITY**

The Sotik Technical Training Institute a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**31. CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs).

SOTIK TECHNICAL TRAINING INSTITUTE

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**APPENDIX I: PROJECTS IMPLEMENTED BY THE SOTIK TECHNICAL TRAINING INSTITUTE**

**Status of Project completion**

<b>Project</b>	<b>Completion rate</b>	<b>Budget</b>	<b>Actual</b>	<b>Source of funds</b>
Building and Civil Engineering workshop	100%	18,854,140	16,581,863	A-in-A

## APPENDIX II: PROGRESS ON FOLLOW-UP OF PRIOR YEAR AUDIT ISSUES

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Misstatement of Rendering of Services	The unexplained and unreconciled variance have been corrected and reconciled accordingly.	<b>Resolved</b>	2023/2024.
2	Unsupported Repairs and Maintenance.	Subsequently, all the required documents have been availed for review.	<b>Resolved</b>	2024/2025.
3	Unsupported Cash and Cash Equivalent	All the necessary documents; cashbook, bank reconciliation statements have been provided.	<b>Resolved</b>	2024/2025.
4	Misstated Receivables from Exchange Transactions	The receivables aging analysis has been disclosed under note 16(b) to the financial statements and also provision has been made on the receivables.	<b>Resolved</b>	2024/2025
5	Inaccuracies in Property, Plant and Equipment Balance	The property, plant and equipment movement schedule have been prepared accordingly.	<b>Resolved</b>	2024/2025
6	Failure to disclose Biological Assets	The biological assets will be valued and disclosed in the Property, plant and Equipment schedule.	<b>Resolved</b>	2024/2025
7	Unsupported Trade and Other Payables	The support documents have been prepared accordingly.	<b>Resolved</b>	2024/2025
8	Unsupported Refundable Deposits from customers	Refundable deposits from customers' amount have been used to clear fee balance of the said students.	<b>Resolved</b>	2024/2025
	Budgetary Control and Performance	This is due to delays and non-remittance and under financing by the government through capitation and scholarship. The management is hoping that in future the government funding will be received on time and in full to ensure services are adequately offered.	<b>Not Resolved (Depends on Gov't remittance)</b>	2025/2026

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**Appendix III- Inter-Entity Confirmation Letter**

Sotik Technical Training Institute  
P.O. Box 895-20406  
Sotik

The Ministry of Education, Science and Technology, state department Vocational and Technical Training wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Sotik Technical Training Institute as at 30 <sup>th</sup> June 2025								
Ref Number	Date Disbursed	Amounts Disbursed by Ministry of Education Kshs.50,409,692.50 as at 30th June 2025				Total (D)=(A+B+C)	Amount Received by Sotik Technical Training Institute (KShs) as at 30 <sup>th</sup> June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Minist erial (C)				
1	20-Sep-24	436,556.00	0	0	436,556.00	436,556.00	0	
2	23-Sep-24	10,465,467.50	0	0	10,465,467.50	10,465,467.50	0	
3	26-Sep-24	13,895,244.00	0	0	13,895,244.00	13,895,244.00	0	
4	28-Nov-24	0	10,000,000.00	0	10,000,000.00	10,000,000.00	0	
5	15-Feb-25	15,612,425.00	0	0	15,612,425.00	15,612,425.00	0	
<b>Total</b>		<b>50,409,692.50</b>	<b>10,000,000.00</b>	<b>0</b>	<b>50,409,692.50</b>	<b>50,409,692.50</b>	<b>0</b>	

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

Head of Accounting department of Sotik Technical Training Institute:

Name Joel K. Mantem Sign [Signature] Date 13.12.2025