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THE AUDITOR-GENERAL

ON

**SOTIK TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



SOTIK TECHNICAL TRAINING INSTITUTE

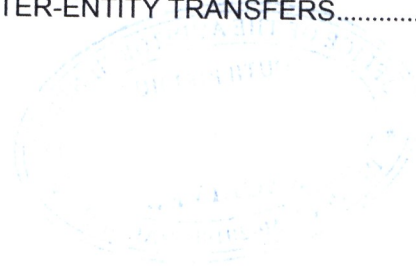
ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30TH, 2020.**

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



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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
- Principal (Accounting officer)
- 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 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal(Accounting Officer)	JOEL K MARITIM
2.	Head of Finance	JOSEAH K KIRUI
3.	Head of Procurement	GIDEON K CHEPKWONY
4.	B.O.G Chairman	HARRISON KIRUI
5.	Finance Committee Chair	EVALYNE LANGAT

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and Human Resource Committee	1.Evalyne Langat 2.Joshua Osindi 3.Apollo Wangah
Technical & Infrastructure committee	1.Richard Mongare 2.Joshua Osindi 3.Apollo Wangah
Risks and Audit Committee	1.Harrison Kirui 2.Nancy Pere 3.Evalyne Langat

(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. THE BOARD OF GOVERNORS

	<p>Harrison Kirui (Chairman), Master of Arts in Economics</p>	<p>Born in 1963 Master of Arts in Economics Over thirty years management experience in tea industry</p>
	<p>Apollo Wangah, Higher National Diploma in Mechanical engineering</p>	<p>Born in 1965 Higher National Diploma in Mechanical engineering Over twenty years mechanical workshop experience</p>
	<p>Nancy C. Pere, Bachelor's degree in Sociology</p>	<p>Born in 1978 Bachelor's degree in Sociology Over ten years' experience as a social worker with Non-Government Organisation.</p>
	<p>Joshua Osindi, Bachelor's degree in Electrical engineering</p>	<p>Born in 1986 Bachelor's degree in Electrical engineering Over five years in Tea industry</p>
	<p>Richard Mangare, Bachelor's degree in Electrical engineering</p>	<p>Born in 1968 Bachelor's degree in Electrical engineering Over twenty years' experience in tea industry</p>
	<p>Joel Maritim (Principal), Bachelor's degree in Technology Education</p>	<p>Born in 1966 Bachelor's degree in Technology Education Over twenty four years' experience trainer in technical training</p>
	<p>Evalyne Langat, Bachelor's degree in Business Management, Certified Public Accountant holder.</p>	<p>Born in 1978 Bachelor's degree in Business Management and Certified Public Accountant holder. Over 15 years Management Accountant in tea industry.</p>

3. MANAGEMENT TEAM

	<p>Joel K. Maritim, Bachelor's degree in Technology Education.</p>	<p>Principal/ Board Secretary</p>
	<p>Tarus K. Barkebo, Bachelor's degree in Technology Education.</p>	<p>Deputy Principal Administration</p>
	<p>Paul G. Makori, Master's degree in Educational Planning, Post Graduate Diploma in Human Resource Management and Management Course.</p>	<p>Deputy Principal Academics</p>
	<p>Joseah K. Kirui , Bachelor's degree in Business Management, Certified Public Accountant of Kenya.</p>	<p>Finance Officer</p>
	<p>Chepkwony K. Gideon, Master of Science in Procurement and Logistics, Bachelors degree in Purchasing and Supplies Management, Higher National Diploma in Human Resource Management.</p>	<p>Procurement Officer</p>

4. CHAIRMAN'S STATEMENT

➤ KEY ACTIVITIES- FINANCIAL YEAR 2019/20

- The recruitment of students and staff was remarkable.
- Procuring and assembling of desktop computers to reduce congestion in the Information Communication Technology laboratory hence quicker management of Information Communication Technology practicals.
- Full and various Executive Board meetings were also held.
- Installation of Closed-Circuit Television (CCTV) Cameras for monitoring and security purposes.
- Procuring of internet Wireless Fidelity (Wi-Fi) connectivity to help trainees download notes and other electronic learning activities.
- Construction of Ablution block sponsored by Constituency Development Fund Sotik Constituency which is now 100% complete.
- Harvesting of storm water by fixing rain gutters and installation of four Polyvinyl Chloride storage tanks each with capacity of ten thousand litres.

➤ CONSOLIDATED SUCCESSES

- Very united Board enthusiastic of progressive development of the institute.
- Impressive turn out of learners.
- Impressive participation of students in ball games up to national level.
- Fencing of the Institute's compound and construction of main gate was completed.
- Sufficient lighting within the Institute was also provided.

➤ CHALLENGES

- Water shortage during dry seasons.
- Study halls not sufficient to cater for high demand by prospective and existent students.
- Residential premises (hostels) not available around the institute for student's accommodation.
- Inadequate of trainers.
- Poor accessibility due to poor roads.

➤ WAY FORWARD

- Increase more learning halls through Government Funding and Constituency Development Fund.
- Constructing hostels mainly for female learners in the short term.
- Do more harvesting of rain water, drill a borehole, construct a pump house in the nearest river and install an electric pump for piped water to the institute.
- Enhance extra co-curricular activities by facilitating mobility through procuring of Institute bus.
- Plan more developments.

HARRISON KIRUI.

Sign: 

Date: ..15/04/2021..

5. REPORT OF THE PRINCIPAL

Sotik Technical Training Institute is located in Kapkelei Location, Ndanai Division, Sotik Sub-County of Bomet County. Its construction was completed in October 2016 and the first batch of students reported in January 2017. The current Principal reported on 30th January 2017 and by then there were only eleven students but enrolment has since short up to one thousand three hundred and twenty seven students currently. This has been made possible due to cooperation between the Board of Governors, stakeholders and the community. Sotik Technical Training Institute as a Technical Vocational Educational Training institution currently offers twenty five programmes/ courses accredited by Technical and Vocational Educational Training Authority. The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations. Candidates have sat for examinations in November 2018 and July 2019. There are also three hundred and eleven candidates who have registered for November 2019 series.

The Institute has partnered with the County Government of Bomet, Finlays Limited, Post Bank Bomet, National Government-Constituency Development Fund Sotik Constituency, Curriculum Development Assessment and Certification Council, Kenya Commercial Bank Sotik branch, Kenya Universities and Colleges Central Placement Services, Higher Education Loans Board and we look forward to more partnerships in future.

The Institute has state of art equipment in Automotive Engineering and is a centre of excellence in this trade area.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved. We are in the process of constructing two Hostels with partnership from Finlays Kenya Ltd and National Government-Constituency Development Fund Sotik to accommodate about three hundred students so as to assist students who are placed by Kenya Universities and Colleges Central Placement Services.

Sotik Technical Training Institute has a very bright future in the Technical and Vocational Education and Training Sub-sector.

JOEL K MARITIM.

SIGN:  DATE: 15/04/2021

6. REVIEW OF SOTIK TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FINANCIAL YEAR 2019/2020

Sotik Technical Training Institute has eight strategic pillars and objectives within its Strategic Plan for period January 2019 to December 2023. These strategic pillars are as follows:

1. HUMAN RESOURCE
2. STUDENTS
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 2019/2020 period for its eight strategic pillars, as indicated in the diagram below:

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

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<p>Pillar 3: PHYSICAL INFRASTRUCTURE</p>	<p>To provide the physical infrastructure in the Institute</p>	<ul style="list-style-type: none"> ❖ Increased Teaching Infrastructure ❖ Increased support Infrastructure 	<ul style="list-style-type: none"> ❖ To construct workshops for training purposes ❖ To equip training workshops ❖ To equip the existing library ❖ To construct a Female hostel ❖ To purchase land for expansion ❖ To construct a recreational Centre. ❖ To Construct water storage tank ❖ To purchase institute Bus 	<p>School bus purchased and construction of food and Beverage complex launched 1st quarter of 2020/2021.</p>
<p>Pillar 4: ACCESSIBILITY</p>	<p>To improve the road-network within the Institution</p>	<ul style="list-style-type: none"> ❖ Construct civil works within the institute 	<ul style="list-style-type: none"> ❖ To construct access roads within the institute ❖ To construct parking bays 	<p>Institution's roads have been improved</p>
<p>Pillar 5: WATER</p>	<p>To provide adequate and sustainable water supply for the Institute</p>	<ul style="list-style-type: none"> ➤ Construct civil works within the institute 	<ul style="list-style-type: none"> ❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks 	<ul style="list-style-type: none"> ❖ Student numbers have continued to increase
<p>Pillar 6: EQUIPMENT</p>	<p>To provide adequate training equipment for various courses.</p>	<ul style="list-style-type: none"> ❖ To provide training equipment 	<ul style="list-style-type: none"> ❖ To procure more training equipment for various courses ❖ Establish more workshops 	<ul style="list-style-type: none"> ❖ Student numbers have continued to increase
<p>Pillar 7: FINANCIAL RESOURCES</p>	<ul style="list-style-type: none"> ❖ Diversify sources and increase funding 	<ul style="list-style-type: none"> ❖ Establishment of Public-Private Partnerships ❖ lobby the 	<ul style="list-style-type: none"> ❖ Establish Short-Term courses ❖ Offer Conference facilities ❖ Identify the relevant industries in the private sector ❖ Negotiate partnership agreements with the identified industries 	<ul style="list-style-type: none"> ❖ To establish adequate source of funding

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		<p>Government for more funding</p> <ul style="list-style-type: none"> ❖ Establishment of production unit in the Institute 	<ul style="list-style-type: none"> ❖ Write funding proposals and budgets to the government for more funding 	<p>for the Institutes projects</p>
<p>Pillar 8: INFORMATION COMMUNICATION TECHNOLOGY INTEGRATION</p>	<ul style="list-style-type: none"> ❖ To integrate Information Communication Technology in management and training in the institution 	<ul style="list-style-type: none"> ❖ Establishment of a Management Information System ❖ integrated Information Communication Technology in curriculum delivery 	<ul style="list-style-type: none"> ❖ Procure and install the Management Information System Software and hardware ❖ Train the staff on Management Information System ❖ Procure desktop computers, laptops and Liquid Crystal Display. ❖ Procure the training software ❖ Procure and install Local Area Network 	<ul style="list-style-type: none"> ❖ Objective achieved

7. CORPORATE GOVERNANCE STATEMENT

During financial year 2019/20, there was 95% 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 2019/2020.

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; (1) 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;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) 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.

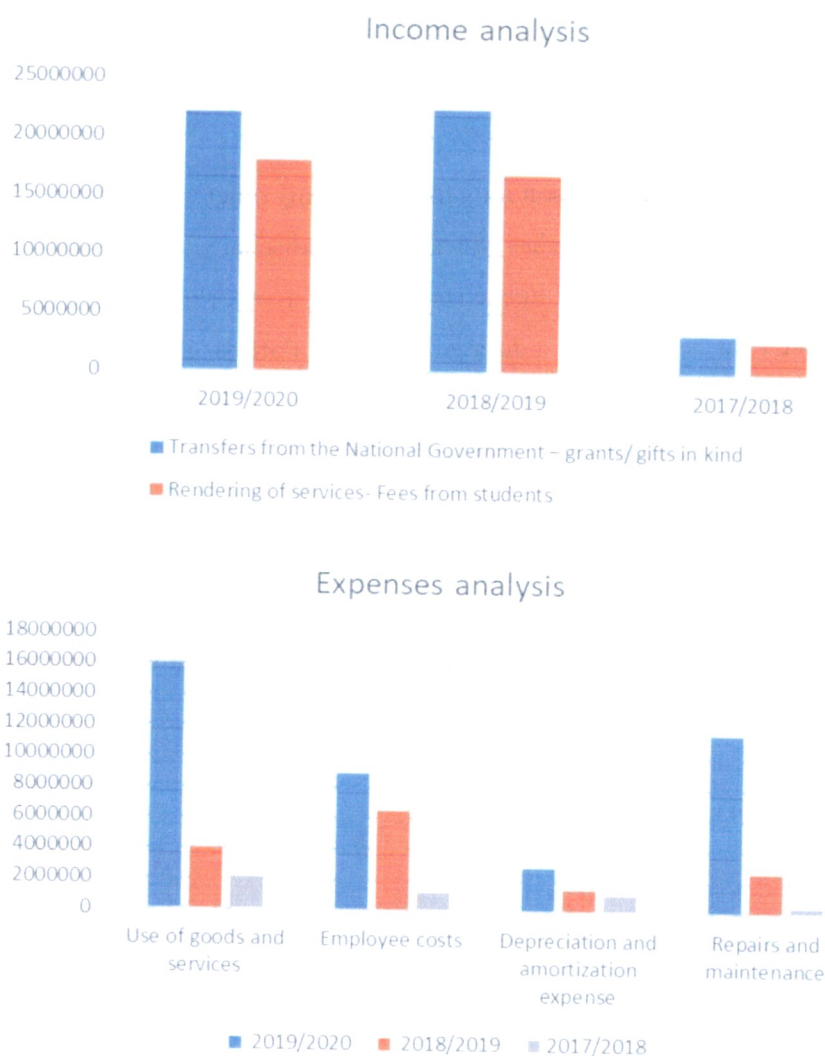
The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government 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

The Institution started operations January 2017 with only eleven students. In the first year of operations, the institution reported a surplus of Shs. 1.093 M which increased to Shs. 8.58 M in year 2018/2019. In the current year under review (2019/2020), the surpluses for the year decreased to Shs. 3,830,964 due to the impact of Covid 19 pandemic that saw learning institutions closed since March 2020. The grants from government and capitation continued to grow through year 2017/208 and 2018/2019 due to increase in the number of students but decreased in year 2019/2020 because quarter four capitation was not disbursed since the schools were closed by then. Student enrolment increased in year 2019/2020 to 982 students from 700 in year 2018/2019.

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

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and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan.

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

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

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.
- In adequate 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
- Poor accessibility due to poor roads
- Lack of consistent tapped water supply
- Inadequate of trainers
- Inadequate furniture for offices and trainees

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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 National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF) and Pay As You Earn (PAYE).

Key projects and investment decisions

The projects under consideration in the financial year 2019/2020 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Completion rate	Timeline
1	Institution's gate		1,500,000	100%	1 years
3	Perimeter Fence		2,000,000	100%	1 year

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.

Activity	Description
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;

S/no	Title	Review Period	Remarks
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.

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, 2020 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 2020 are set out on page 1-19

BOARD OF GOVERNORS


The members of the Board who served during the year are shown on page iv. During the year 30 June 2020 there was no board member retired/ 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
Board Secretary
Sotik Technical Training Institute

Sign: 

Date: 15/04/2021

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2020

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 the 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 2019/20 and the operating results of the Sotik Technical Training Institute for that year 2019/20. 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 2019/20 ended on June 30, 2020. 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 the 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 Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013. The Board of Governors are of the opinion that the 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, 2020, and of the Sotik Technical Training Institute's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the 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 the Sotik Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

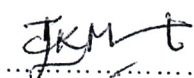
Approval of the financial statements

The Sotik Technical Training Institute's financial statements were approved by the Board on 15/04 2021 and signed on its behalf by:



Chairperson of the Board

Date: 15/04/2021

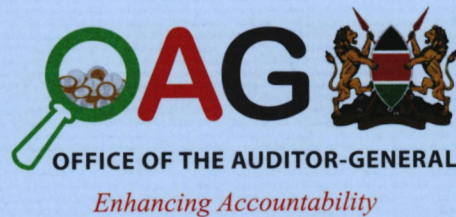


Accounting officer/Principal

Date: 15/04/2021

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON SOTIK TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Sotik Technical Training Institute set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of cash flows, statement of changes in net assets 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Sotik Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance and Management Act, 2012.

Basis for Adverse Opinion

1.0 Errors in Annual Reports and Financial Statements

The financial statements had the following presentation and disclosure errors;

- 1.1 The statement of financial performance reflects transfers from the National Government while the statement of comparison of budget and actual amounts and Note 6 to the financial statements reflects transfers from other governments for the same item leading to inconsistencies.
- 1.2 The statement of financial performance reflects Board allowances while the statement of comparison of budget and actual amounts reflects remuneration of Directors.
- 1.3 The statement of financial position refers property, plant and equipment to Note 18. However, Note 18 reflects refundable deposits from customers.

- 1.4 The statement of financial position reflects trade and other payables from exchange transactions as detailed in Note 16, which however, is for property, plant and equipment.
- 1.5 The statement of financial position reflects accumulated surplus and capital fund which are not referenced to any notes to the financial statements.
- 1.6 Notes 19, 20, 21 and 22 on pages 19 and 20 are not referenced to the financial statements.
- 1.7 The statement of cash flows indicates that net cashflow from operating activities is supported by Note 18. However, Note 18 reflects refundable deposits from customers.
- 1.8 The statement of cash flows indicates that cash flows from investing activities is supported by Note 19. However, Note 19 relates to capital grants.
- 1.9 An annex on the progress on follow up of Auditor recommendation was not attached to the financial statements.
- 1.10 Appendix I on page 21 reflects assets donated by the parent Ministry that have no cost attached and therefore their net book value is unknown.

Consequently, the annual report and financial statements as prepared and presented are not in the format prescribed by the Public Sector Accounting Standards Board (PSASB).

2.0 Inaccuracies in the Financial Statements

A review of the financial statements revealed the following inaccuracies;

- 2.1 Management discussion and analysis on page xvi reflects key projects and investments completed at a cost of Kshs.3,500,000. However, the projects have not been reflected in the property, plant and equipment schedule resulting to unreconciled variance of Kshs.3,500,000.
- 2.2 Management discussion and analysis on page xiii reflects surplus for the year of Kshs.3,830,964 while statement of receipts and payment reflects Kshs.3,806,804 resulting to unreconciled variance of Kshs.24,160.
- 2.3 The statement of financial performance reflects comparative figure of use of goods and services of Kshs.9,999,349. However prior year financial statement reflects Kshs.3,980,005 resulting to unreconciled variance of Kshs.6,019,344.
- 2.4 The statement of cash flows reflects net cash flows used in operating activities comparative figure of Kshs.7,214,781. However, the prior year financial statements reflect Kshs.7,206,781 resulting to an unreconciled variance of Kshs.8,000.
- 2.5 The statement of financial position as at 30 June, 2020 reflects trade payables of Kshs.24,160 and comparative of Kshs.1,104,718 while corresponding Note 17 reflects Kshs.552,410 and a comparative of Kshs.1,657,128 resulting to unreconciled variance of Kshs.528,250 and Kshs.552,410 respectively.

- 2.6 The statement of financial position as at 30 June, 2020 reflects comparative refundable deposit of Kshs.469,100 while corresponding Note 18 reflects Kshs.476,100 resulting to unreconciled variance of Kshs.7,000.
- 2.7 The statement of financial performance reflects use of goods and services of Kshs.15,446,630 as detailed in Note 9, which however, reflects Kshs.17,012,970 resulting to unreconciled variance of Kshs.1,566,340.
- 2.8 The statement of financial performance reflects use of goods and services comparative of Kshs.9,999,349 as detailed in Note 9. However, Note 9 reflects Kshs.12,232,507 resulting to unreconciled variance of Kshs.2,233,158.
- 2.9 The statement of financial performance reflects employee costs of Kshs.8,876,414 as detailed in Note 10. However, Note 10 reflects Kshs.7,310,074 resulting to unreconciled variance of Kshs.1,566,340.
- 2.10 The statement of financial performance reflects comparative employee's costs of Kshs.6,464,728 as detailed in Note 10. However, Note 10 reflects Kshs.4,231,570 resulting to unreconciled variance of Kshs.2,231,158.
- 2.11 The statement of comparison of budget and actual amounts reflects capital expenditure of Kshs.6,421,535 which has not been reflected in the statement of changes in net assets resulting to an understatement of Kshs.6,421,535.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

3.0 Variances Between Financial Statements and Supporting Schedules

The following unreconciled variances were noted between figures reported in the financial statements and supporting schedules resulting to variances shown in the table below;

Item	Note No.	Financial Statement Figure (Kshs.)	Schedules Figure (Kshs.)	Variances (Kshs.)
Rendering of Service -Tuition Fees	7	12,904,305	13,038,100	(133,795)
Registration and Examination Fees	7	2,908,570	2,873,150	35,420
Industrial Attachments Fees	7	526,730	478,370	48,360
Activity Fees	9	617,055	641,555	(24,500)
Subscriptions	9	257,476	397,850	(140,374)
Cleaning Expenses	9	194,910	238,920	(44,010)
Printing and Stationary	9	2,408,673	2,412,553	(3,880)
Insurance	9	10,500	12,000	(1,500)
Salaries and Wages	10	6,773,494	6,914,460	(140,966)
Social Contributions	10	536,580	620,520	(83,940)

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

4.0 Use of Goods and Services

The statement of financial performance reflects use of goods and services of Kshs.15,446,630 as detailed in Note 9 to the financial statements. However, the following issues were noted;

4.1 Unsupported Examination and Registration

Included in the use of goods and services is examination and registration figure of Kshs.1,973,250. However, no payment vouchers were provided to confirm payments made to the respective institutions offering examinations.

In the circumstances, the accuracy and completeness of examination and registration expenditure of Kshs.1,973,250 for the year ended 30 June, 2020 could not be confirmed.

4.2 Unsupported Activity Fee

Included in the use of goods and services is activity fee balance of Kshs.617,055. However, the activities were not supported by evidence of actual attendance and travel documents.

In the circumstances, the accuracy and completeness of activity fee expenditure of Kshs.617,055 for the year ended 30 June, 2020 could not be confirmed.

4.3 Unsupported Conference Fee

Included in the use of goods and services is conference expenses of Kshs.397,850 that has not been supported by actual travel documents and attendance records.

In the circumstances, the accuracy and completeness of conference expenses figure of Kshs.397,850 for the year ended 30 June, 2020 could not be confirmed.

5.0 Unsupported Board Allowances

The statement of financial performance reflects Board allowances of Kshs.534,500. However, the allowances have not been analyzed to reflect meetings attended by Board Members, agenda, date and allowances received.

In the circumstances, the accuracy and completeness of the board allowances balance of Kshs.534,500 for the year ended 30 June, 2020 could not be confirmed.

6.0 Non-Disclosure of Institution's Land

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.56,834,524. However, the financial statements have made reference to Note 18 while the actual Note is at 16. The Institute occupies a piece of land measuring approximately 2.43 hectares as per the title deed. However, the value of the land has not been included in the financial statements and asset register. No explanation was given for the omission.

In the circumstances, the accuracy and completeness of the plant, property and equipment balance of Kshs.56,834,524 as at 30 June, 2020 could not be confirmed.

7.0 Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2020 reflects receivables from exchange transactions balance of Kshs.2,639,691 as disclosed in Note 15 to the financial statements. However, the students' fees statements or students' debtors control ledgers indicating the chargeable fees, payments and movements were not provided for audit review.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.2,636,691 as at 30 June, 2020 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 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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.114,596,128 and Kshs.40,169,135 respectively resulting to an under funding of Kshs.74,426,993 or 65% of the budget.

Similarly, the expenditure budget totalled to Kshs.33,646,128 against actual expenditure amounting to Kshs.36,380,951, resulting to an over-expenditure totalling to Kshs.2,734,823 or 8% of the budget. The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and in the Basis of Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Late Submission of the Financial Statements

The annual report and financial statements for the year ended 30 June, 2020 were submitted on 14 January, 2021 which was three (3) months and sixteen (16) days past the statutory deadline of 30 September, 2020. This is contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

To that extend, the Institute was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, plan, and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Assets not Tagged

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.56,834,524. A verification of assets register provided revealed that all assets including computers and its accessories, office equipment, other assets, library books and automotive engineering equipment were not tagged to secure them from loss, pilferage and destruction. In addition, the automotive engineering equipment worth Kshs.123,348,100 were not included in the property, plant and equipment movement schedule.

In the circumstances, the safety of the property, plant and equipment could not be ascertained as at 30 June, 2020.

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 control, risk management and 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 the Board of Governors

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or 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 Institute's financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Governors is 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 February, 2022

SOTIK TECHNICAL TRAINING INSTITUTE
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For the year ended June 30, 2020

**I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
 JUNE 2020**

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government	6	24,900,000	12,170,000
Total Revenue from non-exchange transactions		24,900,000	12,170,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	17,983,805	16,820,235
Other income	8	90,330	29,640
Revenue from exchange transactions		18,074,135	16,849,875
Total revenue		42,974,135	29,019,875
Expenses			
Use of goods and services	9	15,446,630	9,999,349
Employee costs	10	8,876,414	6,464,728
Depreciation and amortization expense	11	2,786,380	1,416,389
Repairs and maintenance	12	11,523,407	2,556,016
Board allowances	13	534,500	-
Total expenses		39,167,331	20,436,482
Net Surplus for the year		3,806,804	8,583,393

The notes set out on pages 1 to 19 form an integral part of these Financial Statements

SOTIK TECHNICAL TRAINING INSTITUTE
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For the year ended June 30, 2020

II. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	5,919,969	4,503,339
Receivables from exchange transactions	15	2,639,691	4,911,229
Receivables from non-exchange transactions		7,365,000	10,170,000
Total Current Assets		15,924,660	19,584,568
Non-current assets			
Property, plant and equipment	18	56,834,524	53,199,370
Total Non-current Assets		56,834,524	53,199,370
Total assets		72,759,184	62,613,938
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	24,160	1,104,718
Refundable deposits from customers	17	523,100	469,100
Payments received in advance	16	552,410	552,410
Total Current Liabilities		1,099,670	2,126,228
Total liabilities		1,099,670	2,126,228
Reserves			
Reserves		-	-
Accumulated surplus		23,837,219	11,689,450
Capital Fund		47,822,295	48,798,260
Total Capital and Reserves		71,659,514	60,487,710
Total Liabilities and Reserves		72,759,184	62,613,938

The Financial Statements set out on pages 1 to 19 were signed on behalf of the Board of Governors by:

Principal/Secretary to BOG

Name: Joel K. Maritim
 ID NO... 9233834.....

Sign..... 

Date... 15/04/2021.....

Head of Finance


Name: Joseah K. Kirui
 ICPAK Member Number... 24604
 ID NO... 22561383.....

Sign..... 

Date... 15/04/2021.....

Chairman of the Board

Name: Harrison Kirui
 ID NO... 5230058.....

Sign..... 

Date... 15/04/2021.....

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2020

III. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated Reserves	Capital Grants	Total
Balance b/f at July 1, 2017		-	-
Surplus for the year	1,067,109.00		1,067,109
Balance c/d as at June 30, 2018	1,067,109	-	1,067,109
Year ended 30 June 2019			
At start of year as previously stated	1,067,109	-	1,067,109
Prior year adjustments:			-
Add: transformer expensed	1,167,850	-	1,167,850
Less depreciation on transformer	(116,785)		(116,785)
Less depreciation on the building	(1,016,207)		(1,016,207)
Less: 2017/2018 caution money treated as income	(8,000)	-	(8,000)
Less: B/F surplus	(80)		(80)
Restated comprehensive income for the 2017/2018	1,093,887	-	1,093,887
Add: B/F surplus	80	-	80
Capital grants (buildings)	-	50,810,350	50,810,350
Transfer of depreciation to retained earnings	1,016,207	(1,016,207)	-
At start of year as restated	2,110,174	49,794,143	51,904,317
Surplus for the year	18,753,393	-	18,753,393
Transfer of depreciation from accumulated surplus to capital grants	995,883	(995,883)	-
At end of year	21,859,450	48,798,260	70,657,710
Year ended 30 June 2020			
At start of year 1 July 2019	21,859,450	48,798,260	70,657,710
Surplus for the year	3,806,804		3,806,804
Transfer of depreciation from accumulated surplus to capital grants	975,965	(975,965)	-
At end of year 30 June 2020	26,642,219	47,822,295	74,464,514

IV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019/2020	2018/2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	18	7,838,165	7,214,781
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	19	(6,421,535)	(3,770,551)
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(6,421,535)	(3,770,551)
Net increase in cash and cash equivalents		1,416,630	3,436,230
Cash and cash equivalents at start of year		4,503,339	1,067,109
Cash and cash equivalents at end of year	14	5,919,969	4,503,339

SOTIK TECHNICAL TRAINING INSTITUTE
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For the year ended June 30, 2020

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
Revenue										
Transfers from other Govt entities Govt grants	61,900,000				61,900,000		22,095,000		39,805,000	
Public contributions and donations	4,739,128				4,739,128				4,739,128	
Rendering of services- Fees from students	47,957,000				47,957,000		17,983,805		29,973,195	
Other income							90,330		(90,330)	
Total income	114,596,128		-		114,596,128		40,169,135		74,426,993	
Expenses										
Compensation of employees	8,520,960				8,520,960		7,310,074		1,210,886	
Use of Goods and services	21,583,168				21,583,168		17,012,970		4,570,198	
Repairs and maintenance	1,342,000				1,342,000		11,523,407		(10,181,407)	
Remuneration of directors	2,200,000				2,200,000		534,500		1,665,500	
Total expenditure	33,646,128		-		33,646,128		36,380,951		(2,734,823)	
Surplus for the period	80,950,000		-		80,950,000		3,788,184		77,161,816	
Non cash expenses										
Depreciation charge							2,786,380		(2,786,380)	
Surplus for the period after depreciation charge	80,950,000		-		80,950,000		3,806,804		79,948,196	
Capital expenditure	80,950,000				80,950,000		6,421,535		74,528,465	
Surplus for the period after capital expenditure before depreciation	-		-		-		2,633,351		2,633,351	

Budget notes

1. The variance in Government capitation is as a result of delayed capitation for quarter 4 which has not been received to-date.
2. The shortage in rendering of services is due to the effect of Covid – 19 pandemics which saw all schools close in March 2020. This resulted in loss of revenue expected from students for quarter 4.
3. The shortage in employment cost is due to redundancy of BOG trainers due to Covid 19 pandemic.
4. The shortage in use of goods and services is as a result of institution shut down caused by outbreak of Covid 19. Most of the staff were forced to work from home

VI. 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>There is no impact of the IPSAS 41 to the Institute.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>There is no impact of the standard to the Institute.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when

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Standard	Effective date and impact:
	<p>IPSAS 41 was issued.</p> <ul style="list-style-type: none"> c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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 2019/2020 was approved by the Board of Governance on **12/06/2019** 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 actuals 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	25
Library books	10
Furniture and fittings	12.5
Transformer	10
Computer equipment	30

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.

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 authorised 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, 2020.

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 GOVERNMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grants	-	500,000
Other grant-Capitation grants	24,900,000	10,170,000
	24,900,000	10,670,000
Conditional grants		
Other organizational grants-CDF Project		1,500,000
Total government grants and subsidies	24,900,000	12,170,000

7 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	12,904,305	14,454,830
Bursary fees-CDF	1,592,600	-
Activity fees	51,600	61,595
Registration and Examination fees	2,908,570	1,972,200
Industrial attachment fees	526,730	331,610
Total Rendering of Services	17,983,805	16,820,235

8 OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Student council	9,210	14,800
Other income-Tender fee	54,000	
Internet fee	27,120	14,840
Total other income	90,330	29,640

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NOTES TO THE FINANCIAL STATEMENTS (continued)

9 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity and Water	598,134	1,207,955
Student IDs	108,300	202,800
Examination and registration	1,973,250	1,567,700
Subscriptions	257,476	-
Activity fee	617,055	1,001,550
Advertising	576,930	-
Admin fees	2,713,117	2,317,458
Internet	-	120,060
Postage	390	400
Printing and stationery	2,408,673	3,474,947
Travel, motor car, accommodation, subsistence and other allowances	1,566,340	2,233,158
Bank charges	55,595	14,749
Skills development	442,300	-
Telecommunication	148,120	22,390
Training expenses	120,000	-
Other -Student council	107,000	69,340
Insurance	10,500	-
Attachment Fees	104,853	-
Cleaning	194,910	-
Training Materials	3,229,603	-
Fuel & Lubrications	578,720	-
Consumables	627,149	-
Hire Charges	85,825	-
Library Expenses	37,880	-
Tender Expenses	53,000	-
Conference Fee	397,850	-
Total good and services	17,012,970	12,232,507

10 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	6,773,494	3,834,010
Social contributions	536,580	397,560
Employee costs	7,310,074	4,231,570

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	2,786,380	1,416,389
Total depreciation and amortization	2,786,380	1,416,389

12 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	11,523,407	2,556,016
Total repairs and maintenance	11,523,407	2,556,016

13 BOARD ALLOWANCES

Description	2019-2020	2018-2019
	KShs	KShs
Board allowances	534,500	-
Total board remuneration	534,500	-

14 CASH AND CASH EQUIVALENTS

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

Description	2019-2020	2018-2019
	KShs	KShs
Current account	5,771,862	4,451,801
Others(Cash)	148,107	51,538
Total cash and cash equivalents	5,919,969	4,503,339

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	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Kenya Commercial bank-FEES A/C	1225821479	541,564.90	1,986,899
Kenya Commercial bank-RECURRENT A/C	1212348028	4,779,177.40	2,011,083
Kenya Commercial bank-CDF A/C	1234234645	450,811	453,319
Kenya Commercial bank-DEV'T A/C	1212348125	309	500
Sub- total		5,771,862	4,451,801
Cash on hand		148,107	51,538
Sub- total		148,107	51,538
Grand total		5,919,969	4,503,339

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Sundry debtors	2,639,691	4,911,229
Total receivables	2,639,691	4,911,229

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

16 PROPERTY, PLANT AND EQUIPMENT

The table below represents movement schedule of the institution's fixed assets.
A list of those assets has been provided under Appendix I.

	Buildings and Structures		Computers and Accessories		Office Equipment & Furnitures		Other Assets (Transformer)		Library Books		Capital Work in progress		Total	
	Shs	2%	Shs	30%	Shs	12.5%	Shs	10%	Shs	10%	Shs	Shs	Shs	Shs
At 1 July 2017														
Additions	50,810,350						1,167,850							51,978,200
At 30 th June 2018	50,810,350						1,167,850							51,978,200
Additions						1,722,000			1,001,500			1,047,051		3,770,551
At 30 th June 2019	50,810,350					1,722,000			1,001,500			1,047,051		55,748,751
Additions	1,582,810		4,576,250		262,475									6,421,535
At 30 th June 2020	52,393,160		4,576,250		1,984,475				1,001,500			1,047,051		62,170,286
Depreciation and impairment														
At 1 July 2017														
Depreciation	1,016,207													1,132,992
At 30 June 2018	1,016,207													1,132,992
Depreciation	995,883													1,416,389
At 30 th June 2019	2,012,090					215,250			100,150					2,549,381
Depreciation	1,007,621					221,153			100,150					2,786,380
At 30 th June 2020	3,019,711					436,403			190,285					5,335,762
Net book values														
At 30 th June 2020	49,373,449		3,203,375		1,548,072		851,362		811,215			1,047,051		56,834,524
At 30 th June 2019	48,798,260				1,506,750		945,959		901,350			1,047,051		53,199,370

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	-	1,104,718
Payments received in advance-Prepaid fees	552,410	552,410
Total trade and other payables	552,410	1,657,128

18 REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2019-2020	2018-2019
	KShs	KShs
Caution money	523,100	476,100
Total deposits	523,100	476,100

19 CAPITAL GRANTS

Description	2019-2020	2018-2019
	KShs	KShs
Building constructed by the ministry via Mentor institution	50,810,350	50,810,350
Accumulated depreciation	2,988,055	2,012,090
Total capital grant	47,822,295	48,798,260

20 ACCUMULATED SURPLUSES

Description	2019-2020	2018-2019
	KShs	KShs
At start of year	21,859,450	2,110,174
Surplus for the year	1,025,964	8,583,393
Transfer of capital grants depreciation	975,965	995,883
Total Accumulated surpluses	23,861,379	11,689,450

21 CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year	1,025,964	18,753,393
Adjusted for:		
Depreciation and amortisation	2,786,380	1,416,389
Working Capital adjustments		
Decrease/(increase) in receivables	5,076,538	(15,081,229)
(Decrease)/increase in payables	(1,050,717)	2,126,228
Net cash flow from operating activities	7,838,165	7,214,781

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 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;

23 EVENTS AFTER THE REPORTING PERIOD

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

24 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.

25 CURRENCY

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

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12. APPENDIX I: ASSETS DONATED BY THE PARENT MINISTRY

	THE ASSET'S NAME	QTY	DATE ACQUIRED/ BUILT.	COST	RATE OF DEP	ECONOMIC LIFE
	Administration assets					
1	Automotive Engineering Equipment (AVIC EQUIPMENT)		2017			
2	Boardroom table	1	2017			
3	Computer table	1	2017			
4	Principal's office desk	1	2017			
5	Principal's Executive seat	1	2017			
6	Boardroom chairs	10	2017			
7	Staffroom writing tables	20	2017			
8	Staffroom chairs	22	2017			
9	Library chairs	10	2018			
10	Teachers desk with drawers	10	2017			
11	Visitors chairs	6	2017			
12	Filing cabinet-4 drawer	1	2017			
13	Fire proof Compact safe	1	2017			
14	Bookshelf	1	2017			
15	Institute car	1	2018			
	ICT department/Admin					
16	Computers HP New Model	20	2017			
17	Laptops Hp	3	2017			
18	Printers	3	2017			
19	Projectors	2	2017			
20	Projector screen	2	2017			
21	UPS 700	20	2017			

13. APPENDIX II: PROJECTS IMPLEMENTED BY THE SOTIK TECHNICAL TRAINING INSTITUTE

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required agreement (Yes/No)
9 Units Eco-toilets	001	CDF-Sotik	6 Months	1,500,000	No

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget
1	9 Units Eco-toilets	1,500,000	1,047,051	98%	1,500,000

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14. APPENDIX III: INTER-ENTITY TRANSFERS

Sotik Technical Training Institute				
Break down of Transfers from the State Department of Vocational and Technical Training in 2019/2020				
a.	Capitation Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	MOE	10/7/2019	10,170,000	FY 2018/19
	MOE	18/10/2019	142,500	FY 2019/20
	MOE	19/6/2020	14,587,500	FY 2019/20
		Total for 2019/20	24,900,000	

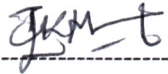
The above amounts have been communicated to and reconciled with the parent Ministry

Finance Officer
 Sotik Technical Training Institute

Sign: -----

Date: 15/04/2021

Principal/
 Accounting Officer

Sign: -----

Date: 15/04/2021