

REPUBLIC OF KENYA



REPORT THE NATIONAL ASSEMBLY
PAPERS LAID

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TABLED BY:	Deputy Majority Whip Hon. Romi Wago
CLERK-AT THE-TABLE:	Halima Ahmed

THE AUDITOR-GENERAL

ON

SOT TECHNICAL TRAINING INSTITUTE

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





SOT TECHNICAL TRAINING INSTITUTE



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2025**

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

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1. KEYINSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

The SOT TECHNICAL TRAINING INSTITUTE was established under the TVET Act on 30th June 2015. The Institute is domiciled in Kenya and has a branch in Kembu in Bomet East Constituency. The institute is under the Ministry of Education. The institute has eight departments namely;

- (a) Business department
- (b) Information communication technology department
- (c) Liberal studies department
- (d) Applied sciences department
- (e) Institutional management
- (f) Building & civil engineering department
- (g) Electrical & electronics engineering department
- (h) Automotive & mechanical engineering department

(b) Principal Activities

The principal activity of the institute is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act and others.

(c) Mission

To provide technical, industrial, vocational, and entrepreneurial training that promotes innovation and creativity to meet global socio-economic and environmental challenges.

(d) Vision

A centre of excellence for technical, industrial, vocational and entrepreneurial training.

(e) Philosophy Statement

Sot Technical Training Institute envisions itself as an exceptional, innovative and unparalleled technical institute that provides an educated and superior workforce that makes a positive impact on the economic development of its service delivery county and the entire country.

(f) Key Management

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

- Board of governors
- Principal
- Deputy principal – Administration
- Deputy principal - Academics

(g) Fiduciary Management

The key management personnel who held office during the financial Year ended 31st August 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	MR ROBERT K. CHERES
2.	Deputy Principal - Administration	MR WESLEY SANG
3.	Deputy Principal - Academic	MR NANCY ATAMBA
4.	Registrar	MRS PERIS MUMBI MAHUGU
5.	Dean of students	MR. KENNEDY MACHUKA

KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(h) Institute Address

Sot Technical Training Institute,
P.O. Box 665,
Bomet, KENYA
Silibwet-Merigi Road

(i) SOT TTI Contacts

Telephone: (+254) 0707 042 067
E-mail 1: sottechnicaltraininginstitute@gmail.com
E-mail 2: info@sotinstitute.ac.ke
Website: www.sotinstitute.ac.ke

(j) SOT TTI Bankers

1. National Bank of Kenya.
Bomet Branch,
P.O. Box 539-20400
Bomet, Kenya

2. Equity Bank

Bomet Branch
P.O Box 475-20400
Bomet.

(k) Independent Auditors




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

(l) 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>1. Dr. Willy Rugutt</p> 	<p>Phd in Finance and Accounting. Senior lecturer at Kabianga University school of Business and Economics. Date of Birth- 10/11/1972 Work Experience 28 Years</p>
<p>2. Albert Ariku Ekodoi</p> 	<p>Masters of Business Administration, CPAK, CPSK Finance and accounts manager Kenya leather development council Date of Birth-01/09/1975 Work experience 25 Years Committee member institute of internal Auditors of Kenya</p>
<p>3. Dr. Beatrice Motari Moyenche</p> 	<p>PHD project planning and management (monitoring and Evaluation option) Masters in project management Entrepreneur Date of Birth-27/09/1971 Work experience 28 Years</p>
<p>4. Joyce Chivo</p> 	<p>BA community development from Integrated Daystar University. Community officer Date of Birth-01/01/1975 Work experience 15 Years</p>
<p>5. Sheila Silantoi</p> 	<p>BSC Biomedical-University of East African Baraton Biomedical and counsellor. Date of Birth-12/04/1979 Work experience 10 Years</p>
<p>6. Lilian Osir</p> 	<p>BSC Chemical and processing Engineering - Moi University Production Supervisor Proto Energy Ltd Date of Birth-22/05/1991 Work experience 10 Years</p>
<p>7. Jonah Langat</p> 	<p>Master of science in computer science. Lecturer. Date of Birth:27/11/1957 Work experience: Over 20 years</p>

<p>8. Beatrice chebet</p>		<p>Bsc in water and Environmental Engineering from Egerton university. Director water and Irrigation in Bomet county. Date of Birth: 18/12/1976 Work Experience: 25 years in water sector</p>
<p>9. Kipkoech Peter Cheruiyot</p>		<p>M.Ed in planning and Economics of Education County Director TVET Date of Birth: 08/08/1972 Work experience: 28 years</p>
<p>10. Mr Robert K. Cheres</p>		<p>MSC in Applied mathematics – Kenyatta University Principal – SOT TTI Work experience 30 Years</p>

3. MANAGEMENT TEAM

1. Mr Robert K. Cheres		Principal/ BOG Secretary
2. Mr wesley sang		Deputy Administration
3. Ms Nancy Atamba		Deputy academics
4. Mrs Peris Mahugu		Registrar

BOARD OF GOVERNORS SUB-COMMITTEES

a) FINANCE AND HUMAN RESOURCES COMMITTEE

Mr. Albert A. Ekodoi	Chairman
Ms. Lilian Osir	Member

b) AUDIT AND RISK COMMITTEE

Mr. Jonah Langat	Chairperson
Ms. Silantoi sheila	Member
Ms. Joyce chivo	Member

c) EDUCATION AND HUMAN RESOURCE COMMITTEE

Ms. Beatrice Motari	Chairperson
Ms. Silantoi sheila	Member

4. CHAIRMAN'S STATEMENT

I am pleased to report that Sot Technical Training Institute has continued to perform well and to produce exemplary results in Kenya National Examinations Council and NITA. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risk associated with the Institution and our outlook.

ECONOMIC FOCUS

In order to ensure efficient and effectiveness in the provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, Bottom-Up Economic Transformation Agenda and Sustainable Development Goals.

We thank the Government for providing state-of-the-art Training equipment that have helped increase the quality of Training and to enable us align our graduates with regional and global opportunities and innovations.

REVIEW OF THE SECTOR AND CHANGES

During the year, we have witnessed increase in Students enrolment because of vigorous marketing and new funding model that supports very many vulnerable students.

RISK MANAGEMENT

The Technical Training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. SOT T.T.I has developed an enterprise-risk management policy and framework to ensure that our activities are aligned with our strategic plan and objectives. The Board of management regularly reviews risks identified such as, competition, information credit and operations risks on how they are being mitigated by various risk owners. This include rigorous marketing to ensure we have more students as compared to competitors.

OPERATION AND MANAGEMENT

In the Spirit to Excel in Scientific and Technological Innovations, we endeavour to be a centre of Excellence in science, Technological Trainings and Innovations thereby producing competent graduates capable of integrating the acquired skills in innovative nation building in line with the Bottom-Up Economic Transformation Agenda; Food Security, Affordable Housing, universal health care and manufacturing.

OUTLOOK

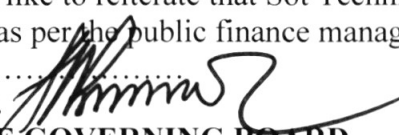
I am indebted to the Board of Management for providing supportive and complementary role while making progressive decisions towards directing this great Institution. I am impressed with their wealth of knowledge and experience in many different business and operational settings. I strongly assure all our Stakeholders that SOT T.T.I shall remain committed and will deliver exceptional services and opportunities consistent to needs of the Students, Government and the wider community without compromising the principles of corporate governance, ethics and sustainability.

Going forward SOT T.T.I is committed to working closely in collaboration with other Technical Vocational Training Institutions, Technical Trainers colleges, Universities, other institutions of Higher learning and partners, to ensure that our students continue to receive Competency Based Training.

With successful transition due to government capitation and new funding model ,the youth who are unemployed without technical skill but meeting minimum requirements for various courses have taken the advantage.

As I conclude, I would like to reiterate that Sot Technical Training Institute is highly committed to prudent financial management as per the public finance management Act.

.....
DR. WILLY RUGUTT.
CHAIRMAN OF THE GOVERNING BOARD



31st August 2025

5. REPORT OF THE PRINCIPAL

It is clear truth that Sot Technical Training Institute has just opened its first chapter of its existence and I believe that it is surely going to be one of Bomet's greatest success stories, one that will leave an impression for decades to come. This is purely based on faith in God who holds the universe and therein for we know Him as the only source of our success and prosperity.

Our Aspirations

Not only are we aspiring to become the largest training institute in Bomet but also the most relevant, vibrant, accessible and the most affordable postsecondary choice in Bomet county and the entire country. Our role is to be the county's leading workforce training provider, and to be at the center stage in revitalizing our economy. As Bomet stands ready to lead the nation, Sot TTI stands ready to lead the way.

Building a Stronger County

Sot Technical Training Institute is inspired by the opportunity we have to help build a stronger Bomet county, and optimistic about the future. Our theme for 2024/2025 FY '**Accelerating Greatness 2025**' reflects this optimism and details the ambitious goals we have in the coming YEAR. Our true benchmark, however, is the stories of those we serve: our students, the innovative Kenyan companies we partner with to improve workforce skills, and the organizations that share our common vision for the future of our country's economy. Collectively, these stories demonstrate the incalculable, unmatched power that education/Training has to Change Lives and the opportunity we all have to make Bomet county and Kenya as a nation Great. We encourage you to follow our progress at Sot TTI Accelerating Greatness.

Success of Each Student

The success of each student who enrolls at Sot TTI is the primary focus of our Institute's administration and staff. We strive to welcome all students in a way that positions them for success, guides them through their progress in a way that helps them overcome obstacles along the way, and keeps them focused on completion in a way that encourages them to excel. Whether their goal is a career, transfer to University, or just the satisfaction of attaining a college diploma or certificate, Sot TTI is committed to giving them every opportunity to thrive and giving them the skills they need to Make Bomet and Kenya Great.

Accelerating Greatness 2025

At the centre of **Accelerating Greatness 2025** are four strategies that will guide our resource allocation and decision-making process:

1. Ensuring that students achieve their educational goals
2. Ensuring that workforce from the institute are globally competitive
3. Ensuring an adequate and sustainable human resource base
4. Ensuring attainment of our vision through well-thought global networking and linkages.

Relevant Training

Today's business environment is more competitive than ever. As a result, Bomet county and Kenya at large needs a world-class workforce to help businesses succeed and to recruit and retain jobs. In serving as the fuel that drives Bomet's and Kenya's economic engine, Sot TTI works with employers to determine what skills they need from their employees, while also providing training that meets a variety of needs - everything from customized training and short-term flexible certification programs to National Diploma that result in jobs where people are needed most and

that transfer to universities. By ensuring that our classes and training are relevant to every rung on the career ladder, Sot TTI is helping Bomet county keep pace with the global economy.

Quality and Efficiency

At Sot TTI, we believe quality and efficiency are inexorably linked. In order to provide those, we serve with unmatched programs, products, and services, it is imperative that we eliminate waste, red tape, and the types of duplicated efforts that conceal best practices. As we aspire to be a large institute with a complex mission, Sot TTI must leverage technology and be agile enough to adapt to a variety of needs, while ensuring an optimal deployment of resources. The degree to which we are a good steward of these resources is not; therefore, just a measure of our efficiency but also a measure of quality. We shall therefore endeavor in integrating information communication technology in both training and our management system. We therefore intent to procure a new ERP system by the close of the financial Year.

Projects undertaken

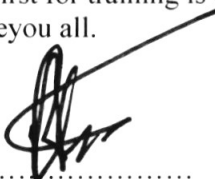
Major infrastructural developments;

The college just began construction of main gate offices and ablution blocks

Conclusion

At Sot TTI, your thirst for training is our business. Every person in our institution is important and there is space for everybody. We value you all.

WELCOME



SIGN.....

ROBERTCHERES

PRINCIPAL

REVIEW OF SOT TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FY 2024/2025

Sot Technical Training Institute has 9 strategic pillars and objectives within its Strategic Plan for period January 2022 to December 2027. These strategic pillars are as follows:

1. HUMAN RESOURCE
2. STUDENTS
3. PHYSICAL INFRASTRUCTRE
4. ACCESSIBILITY
5. WATER
6. EQUIPMENT
7. FINANCIAL RESOURCES
8. ICT INTEGRATION

Sot Technical Training Institute develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a ANNUAL basis. The Sot Technical Training Institute achieved its performance targets set for the FY 2024/2025 period for its 9 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 TVET to request for more trainers. ❖ Recruit BOG staff ❖ Train the Non-Teaching and teaching staff 	<ul style="list-style-type: none"> ❖ New BOG and PSC 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 ❖ New courses introducing e.g. Health sciences

<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. 	<p>construction of food and Beverage comp is ongoing first phase is complete. -Additional Land has been donated by primary for expansion.</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 including placing of slabs.</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 ❖ To Construct water storage tank ❖ Procure more water tanks 	<ul style="list-style-type: none"> ❖ More water tanks have been procured
<p>Pillar 6: Equipment</p>	<ul style="list-style-type: none"> ❖ To provide adequate training equipment for various 	<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"> ❖ More training equipment for various courses. ❖ More workshops has been constructed to gap the shortage.

	courses.			
Pillar8: Financial Resources	❖ Diversify sources and increase funding	❖ Establishment of Public-Private Partnerships ❖ lobby the Government for more funding ❖ Establishment of production unit in the Institute	❖ Establish Short-Term courses ❖ Offer Conference facilities ❖ Identify the relevant industries in the private sector ❖ Negotiate partnership agreements with the identified industries ❖ Write funding proposals and budgets to the government for more funding	❖ To establish adequate source of funding for the Institutes projects (IGA)
Pillar 9: ICT Integration	❖ To integrate ICT in management and training in the institution	❖ Establishment of a Management Information System ❖ integrated ICT in curriculum delivery	❖ Install the MIS Software and hardware ❖ Train the staff on MIS ❖ Procure desktop computers, laptops and LCDs. ❖ Procure the training software ❖ Procure and install LAN	❖ Most Objectives achieved

6. CORPORATE GOVERNANCE STATEMENT

Sot 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 has established Corporate Governance Guidelines, which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials, as it deems necessary and appropriate. The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the Institute and the Institute's public policy engagement and technological contributions policy.

During the year under review, the board of governance held meetings.

The remunerations for the board of governance are in form of sitting allowances, which are in line with the industry allowances.

Succession plan

The board of governors' term is still active.

7. MANAGEMENT DISCUSSION AND ANALYSIS

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

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 CDF, the Institution will prepare, present and justify proposals on development projects within the plan. The proposals will be presented to the infrastructure 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 ST&I 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

Sot 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 Sot Technical Training Institute

Major Challenges

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

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

- Inadequate furniture for offices and trainees

Sot Technical Training Institute compliance with statutory requirements

Sot Technical Training institute complies to deduction and remittance of statutory deductions such as NHII, NSSF and PAYE

Key projects and investment decisions

The projects under consideration in the FY 2024/2025 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Completion rate	Timeline
1	Construction of spare parts store	SOT TTI	2,7000,000	50%	-
2	Construction of dairy unit	SOT TTI	4,500,000	40%	-
3	construction of mechanical and automotive workshop	SOT TTI	10,199,651	10%	-

8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sot 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 Sot 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 Sot 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. This largely depends on availability of funds
2	Human Resource Manual	Regularly	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	Sot 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 PWDs 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. Sot 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 supplier, 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.

Corporate Social Responsibility / Community Engagements

The institute offered its facilities to be used by community when holding a meeting .

9. REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activity of the institute is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act and others.

Results

The results of the Institute for the year ended 30th June, 2025 are set out on page 1.

BOARD OF GOVERNORS

1. The members of the Board of Governors who served during the year are shown on page vi

Auditors

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

By Order of the Board

Sign.....

MR ROBERT K. CHERES

Institute's BOG Secretary

Date: 31st August 2025

10. STATEMENT OF BOARD OF GOVERNORS MEMBERS' 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 governorsto prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial YEAR and the operating results of the Institute for that year. The board of governorsare also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The board of governorsare also responsible for safeguarding the assets of the Institute.

The board of governorsare responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on June 30, 2024. 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 Institute;
- (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 Institute;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The board of governorsaccept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Board of Governors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial Year ended June 30, 2025, and of the Institute's financial position as at that date. The board of governorsfurther confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the 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 governorsto indicate that the 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 Institute's financial statements were approved by the Board of Governors on 31st August 2025and signed on its behalf by:

	
Chairperson of the Board	Accounting officer/Principal
DR. WILLY RUGUTT	ROBERT CHERES

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 SOT TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sot Technical Training Institute set out on pages 1 to 22, which comprise of the statement of financial position as at

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sot Technical Training Institute at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Cash Flows

The statement of cash flows reflects a cash and cash equivalent balance of Kshs.10,406,745 instead of the re-cast balance is Kshs.15,412,645.

In the circumstances, the accuracy and completeness of the cash equivalent balance of Kshs. 10,406,745 could not be confirmed.

2. Other Income

The statement of financial performance reflects other income amounts of Kshs.13,158,107. Included in the amount is income from other income-generating activities totaling Kshs.12,542,881 as disclosed in Note 8 to the financial statements. However, review of the supporting documents revealed the following anomalies:

- a. Income amounting to Kshs.682,500 and Kshs.6,773,892 was generated from NITA fee and CDACC exam fee respectively. However, the management did not provide a detailed schedule showing exam code, number of candidates billed, name and registration numbers of candidates, fees per candidate and receipt numbers for candidates.
- b. The revenue bank statement indicates an amount of Kshs.1,974,000 from driving school unit. However, detailed monthly register indicating sessions timings, whether morning, afternoon, evening, weekends and the classes, whether class A2 (motor cycle), class B (salon vehicle), class C (light truck 22 years), class G (farm machinery 18 years) was not provided.
- c. Review of revenue documents indicates revenue of Kshs.95,375 and Kshs.220,500 from the hire of tractors and the school bus, respectively. However, documentation relating to the applications for hire of the assets, duration, destinations, kilometers covered, and acreage serviced by the tractor was not provided for audit verification. Therefore, the accuracy of the recorded revenues could not be confirmed.

d. Unauthorized Fees and Rates.

The institute charges various fees and rates for services including driving school, computer packages, hire of the school bus, school van, tractor, tents, catering, and accommodation. However, fees and rates are not supported by approval from the Board.

In the circumstance, the authenticity, validity, accuracy and completeness of other income balance of Kshs.13,158,107 could not be confirmed.

3. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects a trade and other payables from exchange transactions balance of Kshs.77,892,643, as disclosed in Note 19 to the financial statements. The balance increased from the previous year's balance of Kshs.42,826,078 by Kshs.35,066,565. However, movement schedules showing the net changes for the year including payables settled and additions were not provided for audit review.

In addition, the fees paid in advance of Kshs.28,805,150, as disclosed in Note 19 to the financial statements has remained unchanged for three financial years, and no explanation was provided on how the same has not been utilized by the students. Further, no ledger detailing student names, registration numbers, total fees billed, amounts received, dates of payment, the period or academic year covered and the closing balances was provided to support the balance.

The aging analysis of trade and other payables was also not provided.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.77,892,643 could not be confirmed.

4. Failure to Disclose Work in Progress

Review of payment vouchers, project records and contractors' certificates revealed expenditure for capital works that were incomplete as at year-end. The work was valued at Kshs.3,855,576 for the ongoing construction and rehabilitation works undertaken during the year. However, the statement of financial position did not disclose the Work in Progress (WIP) in accordance with IPSAS 17 – property, plant and equipment. Failure to disclose the WIP resulted in understatement of property, plant and equipment and misclassification of capital expenditure to recurrent operating costs.

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

5. Unsupported Receivables from Exchange Transactions Balance

The statement of financial position and as disclosed in Note 15 to the financial statements reflects receivable from exchange transactions balance of Kshs.213,348,498, being student debtors. However, the management did not provide an ageing analysis to indicate the status of outstanding fees and the length of time they have remained overdue. Provision for bad and doubtful debt was not made.

In addition, the management has not disclosed the mechanisms developed and being implemented to recover the long -outstanding debts.

In the circumstance, the accuracy and completeness of current portion of receivable from exchange transactions balance of Kshs.213,348,498 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.370,282,500 and Kshs.241,325,461, respectively, resulting to an under-collection of Kshs.128,957,039 or 35% of the budget. Similarity, the college spent Kshs.155,019,978, against actual receipts of Kshs.241,325,461 resulting to under-absorption of Kshs. 86,305,483 or 36% of the actual receipts.

The under-collection and under-absorption affected the implementation of planned activities and programs and may have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

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. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, some unresolved issues were not included in the annual report and financial statements contrary to the requirement of the reporting standards. The issues have not been resolved contrary to contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding. **Refer Appendix 1.**

Other Information

Management is responsible for the Other Information set out on page i to xviii which comprise of Key Institute Information and Management, The Board of Governors, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Over-Collection of Revenue from Non-Exchange Transactions

The statement of financial performance and the statement of comparison of budget and actual amounts reflect revenue from non-exchange transactions amount of Kshs.104,523,163. The approved budget for revenue from non-exchange transactions was Kshs.75,000,000. Thus, there was over-collection of Kshs.29,523,663. The Management did not provide explanations for the material variance contrary to section 104(1)(a) of the Public Finance Management Act, 2012 which requires entities to prepare their budgets based on realistic revenue estimates and IPSAS 24 on the presentation of budget information in financial statements which requires entities to disclose significant variances between budgeted and actual amounts and to provide adequate explanations for material differences

In this circumstance, Management is in breach of the law for not preparing realistic budget.

2. Lack of Training Licenses

The statement of financial performance reflects employee costs amount of Kshs.50,310,099, which includes salaries for twelve (12) recruited trainers. However, evidence was not provided to show that ten (10) trainers of the twelve (12) were registered by Technical and Vocational Education and Training Board as required in section 23(1) of Technical and Vocational Education and Training Act, 2013. Further, no evidence was provided to demonstrate that:

- Applications for licensing were in progress,
- Licenses had expired and were pending renewal, and
- The unlicensed trainers had met the minimum competency-based training requirements stipulated under Regulation 16.

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

3. Failure to Prepare Bank Reconciliation Statements

Review of the cash records revealed that the institute did not prepare bank reconciliation statements for the twelve-month period from July 2024 to June 2025. This is contrary to Regulation 90(1), (3), and (4) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to complete monthly bank reconciliations for all bank accounts and submit the statements to the National Treasury by the 10th of the following month, with a copy to the Auditor-General.

In this circumstance, Management is in breach of the law.

4. Failure to Observe Ethnic Balance

Review of personnel records revealed that the institution had a total of one hundred and eighty-two (182) employees out of whom one hundred and seventy-two (172) or 95% were from the dominant local community contrary to Section 7(1) and (2) of the National Cohesion and integration Act 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

In this circumstance, Management is in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Effective System and IT Capacity

Review of the systems and processes in the institute revealed that the Microsoft Dynamics 365 ERP system in use is not adequately configured to support efficient financial and operational processes. The system lacks clear navigation structures, properly customized workflows and user-friendly features, resulting in frequent challenges for users. Consequently, staff experience difficulty navigating key modules, rely on manual workarounds to complete routine tasks and encounter recurring posting and data entry errors that require correction by system administrators. These weaknesses undermine the efficiency, accuracy, and reliability of ERP-based operations.

In this circumstance, lack of effective system significantly compromises the efficiency, accuracy and reliability of the institution's financial and operational processes and results in weak internal controls.

2. Delayed Completion of Projects

2.1 Delayed Completion of Dairy Unit

The Institute entered into a contract with a contractor on 3 May, 2024 for the proposed construction of a dairy unit at a contract sum of Kshs. 4,294,327. The contract period was seven (7) weeks, commencing on 20 May, 2024, with a scheduled completion date of 10 July, 2024. The contractor was paid Kshs.2,163,300 or 50% of the contract sum vide first IPC of Kshs.2,795,677, dated 13 September, 2024. However, inspection of the project in November 2025 revealed that the project was incomplete and contractor was not on site and both internal and external finishes had not been done.

2.2 Delayed Completion of Spare Parts Store at Kembu Campus

The Institute entered into a contract with a contractor on 24 December, 2024 for the proposed construction of a spare parts store at Kembu Campus at a contract sum of Kshs.2,496,120. The contract period was not specified in the contract document. The contractor has been paid Kshs.1,692,276 or 68% of the contract sum. The first IPC dated 27 January, 2024 amounted to Kshs.716,976. Physical inspection of the project in November 2025 revealed that the project was incomplete, the contractor was not on site and both internal and external finishes had not been done.

In the circumstances, the delays in projects completion expose the institution to the risk of project cost escalations and non-delivery of expected outputs.

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

Responsibilities of Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2025

Appendices

Basis for Qualified Opinion

1. Non-Disclosure of Revenue from Non-Exchange Transactions
2. Unsupported Use of Goods and Services
3. Unsupported Receivables from Exchange Transactions
4. Unsupported Inventory
5. Unsupported Refundable Deposit from Customers
6. Unsupported Trade and Other Payables from Exchange Transactions
7. Management of Capitation
8. Unconfirmed Cash and Cash Equivalents Balance
9. Inaccuracies in the Financial Statement

Report on Lawfulness and Effectiveness in the Use of Public Resources

1. Lack of Training Licenses
2. Failure to Maintain Memorandum Cash Book
3. Lack of Imprest Register
4. Failure to Prepare Human Resource Plan
5. Ethnic Composition
6. Unexplained Variances in the Statement of Comparison of Budget and Actual Amount

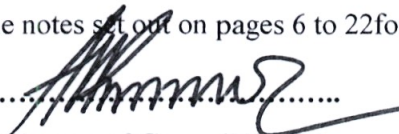
Report on Effectiveness of Internal Controls, Risk Management and Governance

1. Lack of Fee Payment Policy
2. Staff Under-Establishment
3. Lack of Pre-and Post-Inspections Reports for Repairs and Maintenance
4. Inaccuracies in Intangible Assets

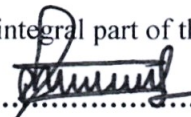
12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025

	Notes	2024/2025	2023/2024
Revenue from non-exchange transactions			
Transfers from the National Government	6	104,523,163	72,453,801
Total Revenue from non-exchange transactions		104,523,163	72,453,801
Revenue from exchange transactions			
Rendering of services- Fees from students	7	123,644,191	151,290,708
Other income	8	13,158,107	3,837,499
Revenue from exchange transactions		136,802,298	155,128,207
Total revenue		241,325,461	227,582,008
Expenses			
Use of goods and services	9	78,407,216	98,373,950
Employee costs	10	50,310,099	43,768,683
Board allowances	11	1,460,000	1,887,500
Depreciation charge	12	15,193,929	15,137,511
Repairs and maintenance	13	3,655,219	5,477,744
Total expenses		149,026,463	164,645,388
Net Surplus for the year		92,298,998	62,936,620


The notes set out on pages 6 to 22 form an integral part of the Annual Financial Statements.



 Chairman of Council/Board



 Finance Officer



 Principal

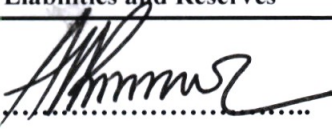
Date 31.08.2025

ICPAK No 27827
 Date 31/08/2025

Date 31/8/2025

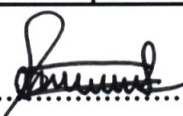
13. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14a&b	10,406,745	6,974,507
Receivables from exchange transactions	15	213,348,498	126,158,942
Biological assets	16	570,000	460,000
Inventory	16(a)	72,637,668	43,514,868
Total Current Assets		296,962,911	177,108,317
Non-current assets			
Property and equipment	17	233,209,093	219,527,984
Intangible assets	18	3,417,600	4,272,000
Total Non-current Assets		236,626,693	223,799,984
Total assets		533,589,605	400,908,302
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	77,892,643	42,826,078
Refundable deposits from customers	20	5,578,530	3,358,030
Employee benefit obligation	21	-3,476,177	-4,634,123
Total Current Liabilities		79,994,996	41,549,985
Reserves			
Accumulated surplus		289,675,235	197,376,237
Revenue reserve		163,919,374	161,982,080
Total Reserves		453,594,609	359,358,317
Total Liabilities and Reserves		533,589,605	400,908,302



 Chairman of Council/Board


Date 31.08.2025



 Finance Officer

ICPAK No 27827

Date 31/08/2025



 Principal

Date 31/8/2025

14. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2025

	Accumulated surplus	Revenue reserve	Total
Balance c/d as at July 1, 2023	134,439,617	148,328,334	282,767,951
Revaluation gain	0	13,653,746	0
Surplus for the Year	62,936,620	0	62,936,620
Balance c/d as at June 30, 2024	197,376,237	161,982,080	359,358,317
Balance b/f as at July 1, 2024	197,376,237	161,982,080	359,358,317
Revaluation gain	0	1,937,294	1,937,294
Surplus for the Year	92,298,998	0	92,298,998
Development funds utilized during the Year	0	0	0
Development grants received during the Year	0	0	0
Balance c/d as at June 30, 2025	289,675,235	163,919,374	453,594,609

15. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2025
STATEMENT OF CASH FLOWS

		2024/2025	2023/2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	22	29,625,582	29,911,101
Cash flows from investing activities			
Purchase of property and equipment	17	(21,187,844)	(36,208,337)
cash flows used in investing activities		(21,187,844)	
Net cash flows used in investing activities		8,437,738	(36,111,737)
Cash flows from financing activities			
Increase in development deposits		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		2,432,238	(6,297,235)
Cash and cash equivalents at start of Year		6,974,507	13,283,302
Cash and cash equivalents at end of Year	15	10,406,745	6,974,507

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

	Original budget	Final budget	Actual on comparable basis	Performance difference	Utilisation percentage
	2024-2025	2024-20245	2024-20245	2024-20245	2024-20245
	Kshs	Kshs	Kshs	Kshs	%
Revenue					
Transfers from other Gov't entities Gov't grants	75,000,000	75,000,000	104,523,163	29,523,163	139%
Public contributions and donations CDF	0	0	0	0	0%
Rendering of services- Fees from students	292,772,500	292,772,500	123,644,191	(169,128,309)	42%
Other income	2,510,000	2,510,000	13,158,107	10,648,107	524%
Total income	370,282,500	370,282,500	241,325,461	(128,957,039)	65%
Development grants	0	0	0	0	
Total income	370,282,500	370,282,500	241,325,461	(128,957,039)	65%
Expenses					
Compensation of employees	70,260,000	70,260,000	50,310,099	19,949,901	72%
Use of Goods and services	186,251,500	186,251,500	78,407,216	107,844,284	42%
Repairs and maintenance	8,142,500	8,142,500	3,655,219	4,721,932	40%
Remuneration of directors	3,441,000	3,441,000	1,460,000	1,981,000	40%
Total expenditure	268,095,000	268,095,000	133,832,534	134,497,117	50%
Capital expenditure	102,187,500	102,187,500	21,187,444	81,000,056	21%
Total expenditure	370,282,500	370,282,500	155,019,978	215,497,173	42%

Budget notes

1. The difference between statement of performance and budget is difference in accounting methods.

17. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sot Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number **TVETA/PUBLIC/ TVC/0029/2016R1**

The Institute's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act and others.

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, 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 Sot Technical Training Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the Year presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue and effective in the year ended 30 JUNE 2025.**

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2026</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact of standard to be entity</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2026</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There is no impact of standard to be entity</i></p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2026</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>There is no impact of standard to be entity</i></p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2026</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases</p>

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Standard	Effective date and impact:
	called the current operational value. <i>There is no impact of standard to be entity</i>
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>There is no impact of standard to be entity</i>
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>There is no impact of standard to be entity</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>There is no impact of standard to be entity</i>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year2025.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

The Sot TTI recognizes student capitation under other government grants because the amount is not payable by the students.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

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 Institute 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 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 FY 2024/2025 was approved by the Board on 31st May 2024

The 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information (Continued)

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

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performance has been presented under section 13 of Financial Provisions of TVET 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 Institute 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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 year.

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.

e) Changes in accounting policies and estimates

Sot TTI 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 the adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurately and fairly state the position and performance than the cash basis.

f) 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 NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the Year to which they relate.

g) Related parties

Sot TTI regards a related party as a person or an Institute 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, Deputy Administration and Academics, Registrar and Dean of students.

The government of Kenya through the ministry of education is also related party to the Sot TTI.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

i) Biological assets

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

j) Comparative figures

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

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k) Subsequent events

There have been no events subsequent to the financial Year-end with a significant impact on the financial statements for the Year ended June 30, 2025

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Sot TTI'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 Governors 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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional grants		
Operational grant	10,000,000	-
Capitation	94,523,163	67,453,801
Development grants	0	5,000,000
Total government grants and subsidies	104,523,163	72,453,801

6a) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Institute sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the Year	2023-2024
			KShs	KShs	KShs
State Department of vocational and technical training institutions	104,523,163	-	-	104,523,163	104,523,163
Total	104,523,163	-	-	104,523,163	104,523,163

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7 RENDERING OF SERVICES-FEE FROM STUDENTS

Description	2024/2025	2023/2024
	Kshs	Kshs
Tuition fees	40,205,925	66,022,358
Examination	3,245,617	5,088,960
Activity fees	10,897,778	9,485,848
Registration fees	4,415,190	49,605
Project	12,459,707	13,149,693
Medical	5,040,795	730,705
Local transport and travel	6,888,809	9,638,541
Personal emolument	15,294,424	38,386,651
Industrial attachment	5,076,000	3,704,876
Administrative	9,603,020	2,237,531
Electricity water and conservancy	537,700	920,410
Repairs and maintenance	8,000,575	1,222,660
SOTTISO(student council)	1,978,651	652,870
Total Rendering of Services	123,644,191	151,290,708

8 OTHER INCOME

Description	2024/2025	2023/2024
	Kshs	Kshs
Tractor Hire revenues	95,375	159,350
Bus Hire revenues	220,500	425,000
Tents	267,730	212,100
Library photocopy	28,371	40,268
F&B production	3250	103,814
Other income generating activities	12,542,881	2,889,717
Greenhouse proceeds	0	7,250
Total other income	13,158,107	3,837,499

9 USE OF GOODS AND SERVICES

Description	2024/2025	2023/2024
	Kshs	Kshs
Electricity, fuel, water and conservation	8,235,687	10,471,194
Activity	3,112,045	3,633,900
Examination	132,450	2,232,950
Medical	968,963	532,493
Student council	1,051,316	1,411,326
Industrial attachment	1,600,295	1,544,550
Tuition expenses	46,492,399	53,171,624
Registration	0	15,050.00
Administration expenses	4,661,626	6,482,079
Income generating activity	1,892,061	1,235,854
Local transport and travelling expenses	10,114,138	14,802,990
CCTV installations	35,000	2,793,550
Bank charges	111,236	46,390
Total good and services	78,407,216	98,373,950

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10 EMPLOYEE COSTS

	2024/2025	2023/2024
	Kshs	Kshs
Basic salary	37,825,371	35,166,188
Medical allowances, travelling house allowances and NHIF and NSSF expenses	6,637,357	8,602,495
Leave allowance	312,000	0
Overtime allowance	0	0
House Allowance	5,535,371	0
Employee costs	50,310,099	43,768,683

11 BOARD ALLOWANCES

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman Allowance	296,000	625,000
Other members allowances	1,164,000	1,262,500
Total board allowances	1,460,000	1,887,500

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	15,193,929	15,137,511
Total depreciation	15,193,929	15,137,511

13 REPAIRS AND MAINTENANCE

Description	2024/2025	2023/2024
	Kshs	Kshs
Repairs and maintenance	0	5,477,744
Total repairs and maintenance	3,655,219	5,477,744

14 a) CASH AND CASH EQUIVALENTS

Description	2024/2025	2023/2024
	Kshs	Kshs
Development account	4,911	77,175
Operational account	9,091,749	5,748,349
Equity Bank account	1,221,403	1,105,407
Cash in hand	88,682	43,575
Total cash and cash equivalents	10,406,745	6,974,506

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14(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2024/2025	2023/2024
		Kshs	KShs
a) Current account			
National bank	01020067454900	9,091,749	5,748,349
Sub- total			
b) Development			
National bank	01020101644900	4,911	77,175
Sub- total			
c) Equity account			
Equity account	1220273358126	1,221,403	1,105,407
Cash on hand		88,682	43,575
Grand total		10,406,745	6,974,506

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2024/2025	2023/2024
	Kshs	KShs
Current receivables		
Student debtors	213,348,498	125,673,040
Staff advances	485,902	485,902
Total receivables	213,834,400	126,158,942

16 BIOLOGICAL ASSETS

Description	2024/2025	2023/2024
	KShs	KShs
Cattles (4 Heifers and 3 calves)	570,000	460,000
Total biological assets	570,000	460,000

16(a) INVENTORY

Description	2024/2025	2023/2024
	KShs	KShs
Inventory	72,637,668	43,514,868
Total Inventory	72,637,668	43,514,868

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2025

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PROPERTY, PLANT AND EQUIPMENT

The valuation report has been incorporated in the movement schedule therefore, the net book values has been reported.

	Land	Buildings	Furniture and fittings	Library	Computers	Motor vehicles	Plant and equipment	Total
Cost		Shs 2%	Shs 12.5%	Shs	Shs 30%	Shs 25%	Shs 20%	Shs
At 30th June 2023	22,000,000	130,640,000	7,313,050	542,070	8,908,700	19,017,900	20,889,482	209,311,202
Additions	0	14,051,684	1,034,647	6,030	4,300,796	7,288,440	9,526,740	36,208,337
At 30th June 2024	22,000,000	144,691,684	8,347,697	548,100	13,209,496	26,306,340	30,416,222	245,519,539
Additions	0	0	2,185,000	0	3,780,500	0	15,221,944	21,187,444
At 30th June 2025	22,000,000	144,691,684	10,532,697	548,100	16,989,996	26,306,340	45,638,166	266,706,983
Depreciation and impairment								
At 30th June 2023	0	2,612,800	769,773	0	2,187,405	3,425,000	2,663,220	11,658,198
Depreciation	0	2,646,431	780,289	1,206	2,606,237	5,345,335	3,759,219	15,138,717
At 30th June 2024	0	5,259,231	1,550,062	1,206	4,793,642	8,770,335	6,422,439	26,796,915
Depreciation	0	2,593,505	820,491	966	3,117,698	4,009,004	3,798,831	14,340,495
At 30th June 2025		7,852,736	2,370,553	2,172	7,911,340	12,779,339	10,221,270	41,137,410
Net book values								
At 30th June 2025	22,000,000	136,838,948	8,162,144	545,928	9,014,656	13,527,001	35,416,896	225,505,573
At 30th June 2023	22,000,000	139,432,453	6,797,635	546,894	8,351,854	17,536,005	24,077,783	218,742,626
At 30th June 2022	22,000,000	128,027,200	6,543,277	542,070	6,721,295	15,592,900	18,226,262	197,653,004

**SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 INTANGIBLE ASSETS

Description	2024/2025	2023/2024
	Kshs	KShs
Management information system	0	272,000
ERP system	3,417,600	4,000,000
Total intangible assets	3,417,600	4,272,000

19 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2024/2025	2023/2024
	Kshs	KShs
Fees paid in advance	28,805,150	28,805,150
General Creditors	18,283,385	9,066,523
Helb Control A/C	306,848	-601,254
CDF Account	376,760	639,779
Capitation C/A	2,693,170	2,473,170
KNEC and CDACC examination	27,117,952	2,354,961
County government	0	0
Public trustee	26,628	0
Other sponsors	72,750	87,750
KNDI Bridging	210,000	0
Total trade and other payables	77,892,643	42,826,079

20 REFUNDABLE DEPOSITS FROM STUDENTS (CAUTION MONEY)

Description	2024/2025	2023/2024
	Kshs	KShs
Caution money	5,578,530	3,358,030
Total deposits	5,578,530	3,358,030

21 EMPLOYEE BENEFIT OBLIGATION

The obligation reported in the financial Year related to unpaid salaries totalling to kshs.(3,476,177).Financial Year closed before the payments were made.

22 CASHFLOW FROM OPERATING ACTIVITIES

	2024/2025	2023/2024
Surplus for the Year	92,298,998	62,936,620
Adjusted for:	0	0
Depreciation	15,193,929	15,137,511
Inventory	(29,122,800)	(13,365,223)
Increase in receivables	(87,189,556)	33,501,927
Increase in total current liabilities	38,445,011	(1,295,878)
Net cash flow from operating activities	29,625,582	29,911,101

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2025

FINANCIAL RISK MANAGEMENT

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

The Institute’s financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2025			
Receivables from exchange transactions	213,348,498	-	213,348,498
Bank balances	10,406,745	10,406,745	-
Total	223,755,243	10,406,745	213,348,498

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2024			
Receivables from exchange transactions	126,158,942	-	126,158,942
Bank balances	6,974,507	6,974,507	
Total	133,133,449	6,974,507	

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2025

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the institute potentially irrecoverable amounts.

The Institute has significant concentration of credit risk on amounts due from students

The board of governors sets the institute’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables			77,892,643	77,892,643
Caution money			5,578,530	5,578,530
Total			83,471,173	83,471,173

23 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2025

24 EVENTS AFTER THE REPORTING PERIOD

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

25 ULTIMATE AND HOLDING ENTITY

The Institute is a State Corporation under the Ministry of Education State Department of vocational and technical training institutions. Its ultimate parent is the Government of Kenya.

26 CURRENCY

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

18. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Negative employee benefit obligation and General creditors	Prepaid salaries and NSSF contribution	-We are analysing the erroneous posting that resulted in the inaccuracy.	Not resolved	By December 2025
Variance between financial statement and ledgers	The statement of financial performance reflects rendering of services amount of Kshs. 152,258,230. However, the amount invoiced as per the Institution's 3,487 students enrolled at annual fee of Kshs.56,420 totalled to Kshs.196,736,540 resulting to unreconciled and unexplained variance of Kshs.44,478,310.	-What was reported as fees from rendering of service is for the actual students who were billed in the period. In our scenario, some students enroll for a course and fail to report or defer for the next intake. Therefore, What were reported is the actual students who were at the institution at the period of reporting	Resolved	N/A

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2025

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Further, the actual fee collections for the year were omitted from the statement of cashflow.			
Unsupported Depreciation And Amortization Expenses	The statement of financial performance reflects depreciation and amortization expense of Kshs.15,137,511. However, the amount was not supported by a schedule showing the computation and the applicable rates of the depreciations were not disclosed in the Note to the financial statement on assets movement schedule. Further, the entity does not have an approved policy on amortization of intangible assets.	We have updated the note showing the depreciation expense. -The rates used to calculate the depreciation have been presented in the financial statement.	Resolved	Resolved
Direct Costs Applied	The statement of financial performance reflects use of goods and	Direct costs account is a control account for inventory. We have reconciled	Resolved	

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>services amount of Kshs. 98,373,950 which includes a negative amount of Kshs. - 45,073,912 relating to direct costs applied. A review of the records and the general ledger revealed that the amount had been netted off directly from the use of goods and services component in the financial statements, contrary to International Accounting Standards. No explanation was provided for this treatment.</p>	<p>whatever was issued and it did not affect the expenses account. Most of the issues related to tuition expenses. The anomaly has been rectified and financial statements amended.</p>		

Accounting Officer
 Name: ROBERT CHERES
 PRINCIPAL

Signature.....

Date.....

**SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30TH JUNE 2025**

19. PROJECTS IMPLEMENTED BY THE INSTITUTE

Projects

Status of Projects completion

	Project	Total project Cost	Completion % to date	Sources of funds
1	Construction of spare parts store	2,7000,000	50%	GOK and internal
2	Construction of dairy unit	4,500,000	40%	GOK and internal
3	construction of mechanical andautomotive workshop	10,199,651	100%	James Finlay and internal

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20. INTER-ENTITY TRANSFERS

	ENTITY NAME:	SOT TECHNICAL TRAINING INSTITUTE		
	Break down of Transfers from the State Department of Education			
	FY 2024/2025			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Operation grants	08 th May 2025	10,000,000	2024/2025
	capitation	23 rd September 2024	10752,000	Year 2024/2025
	capitation	20 th September 2024	9,676,000	Year 2024/2025
	capitation	14 th February 2025	31,733,000	Year 2024/2025
	GOK Scholarship	20 th September 2024	4,152,780	Year 2024/2025
	GOK Scholarship	20 th September 2024	2,613,652	Year 2024/2025
	GOK Scholarship	20 th September 2024	12,510,591	Year 2024/2025
	GOK Scholarship	20 th September 2024	181,410	Year 2024/2025
	GOK scholarship	23 rd September 2024	22,904,730	Year 2024/2025

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

Finance Officer
Sot TTI entity

Head of Accounting Unit
Education Ministry

Sign 

Sign-----

NOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2025