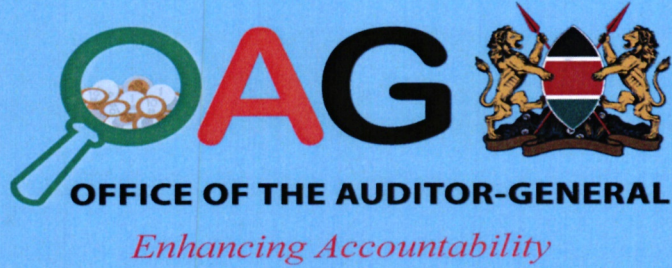


REPUBLIC OF KENYA



PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT** NATIONAL ASSEMBLY

DATE: 25 JUL 2023

DAY

FIVE

**OF:**

TABLED

Hon. Naomi Wago, MP  
DEPUTY MAJORITY WHIP

CLERK-AT  
THE-TABLE:

ANNE SHIBUKO

**THE AUDITOR-GENERAL**

**ON**

**SOTIK TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





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**SOTIK TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30<sup>TH</sup>, 2022.**

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

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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

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

### (b) Principal Activities

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

#### **Vision:**

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

#### **Mission:**

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

#### **Core Objectives:**

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

### (c) Key Management

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

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

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Joel Maritim
2.	Deputy principal Administration	Tarus Barkebo
3	Deputy principal Academics	Paul Makori
4	Registrar (s)	Gilbert Ronoh
5	Dean of students	Geofrey Cheruiyot
6	Head of Finance	Joseah Kirui
7	Head of Procurement	Gideon Chepkwony

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) **Fiduciary Oversight Arrangements**

Name of the Committee	Members
Finance and Human Resource Committee	1.Caren Chepkemoi 2.Joshua Osindi 3.Apollo Wangah
Technical &Infrastructure committee	1.Bernard Rono 2.Joshua Osindi 3.Peter K.Cheruiyot- CDVET
Risks and Audit Committee	1. Dr. Daniel Kirui 2. Bernard Rono 3. Apollo Wangah

(f) **Entity Headquarters**

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

(g) **Entity Contacts**

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

(h) **Entity Bankers**

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

(i) **Independent Auditors**

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

(j) **Principal Legal Adviser**

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

**II. THE BOARD OF GOVERNORS**

	<p>Harrison Kirui (Chairman) ,Master of Arts in Economics</p>	<p>Born in 1963  Master of Arts in Economics  Over thirty years' management experience in tea industry.  Chairman of the board.</p>
	<p>Apollo Wangah, Higher National Diploma in Mechanical engineering</p>	<p>Born in 1965  Higher National Diploma in Mechanical engineering  Over twenty years mechanical workshop experience</p>
	<p>Bernard Rono, Masters in Information Systems security.</p>	<p>Born in 1985  Masters in Information Systems Security.  Over six years' experience as ICT manager in Ketepa Tea Packers Limited.  Technical &amp;Infrastructure committee Chair.</p>
	<p>Joshua Osindi, Bachelor's degree in Electrical engineering</p>	<p>Born in 1986  Bachelor's degree in Electrical engineering  Over five years in Tea industry</p>
	<p>Daniel Kirui, PhD in Business Management</p>	<p>Born in 1968  PhD in Business Management.  Over twenty years' experience in Education training industry. Risks and Audit Committee Chair.</p>
	<p>Joel Maritim (Principal), Bachelor's degree in Technology Education</p>	<p>Born in 1966  Bachelor's degree in Technology Education  Over twenty four years' experience trainer in technical training</p>
	<p>Caren Chepkemai, Bachelor's degree in Food Science and Technology.</p>	<p>Born in 1989  Bachelor's degree in Food Science and Technology.   Over 7 years Laboratory Technician in milk industry. Finance and Human Resource Committee Chair.</p>

**III. MANAGEMENT TEAM**



Joel K. Maritim,  
 Bachelor's degree in Technology Education.

Principal/ Board  
 Secretary



Tarus K. Barkebo,  
 Bachelor's degree in Technology Education.

Deputy Principal  
 Administration



Paul G. Makori,  
 Master's degree in Educational Planning,  
 Post Graduate Diploma in Human Resource Management and Management Course.

Deputy Principal  
 Academics



Joseah K. Kirui ,  
 Bachelor's degree in Business Management, Certified Public Accountant of Kenya.

Finance Officer



Chepkwony K. Gideon,  
 Master of Science in Procurement and Logistics, Bachelors degree in Purchasing and  
 Supplies Management, Higher National Diploma in Human Resource Management.

Procurement Officer

#### IV. CHAIRMAN'S STATEMENT

I am pleased to report that Sotik Technical Training Institute (STTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). 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 risks associated with the Institution, and our future outlook.

##### **Economic Focus**

In order to ensure efficient and effective 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, the Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19.

##### ➤ **KEY ACTIVITIES- FINANCIAL YEAR 2021/22**

- The recruitment of students and staff was remarkable.
- Adverts of courses offered done through print media, posters, online marketing, through Facebook and visiting of neighbouring secondary schools.
- Expansion of internet connectivity by increasing from one access point to five access points to ease access of internet by students, trainers and administration staff.
- Full and various Executive Board meetings were also held.
- Construction of dispensary for students' medical services. The block also accommodates Dean of students' office, Examination office, guidance and counselling office.
- Construction of two number eight door pit latrines for male and female students to ease congestion and better provision of sanitation.
- Construction of hand washing points, fixing of automatic dispensers for hand sanitizing with full plumbing works to help observe Ministry of Health covid-19 protocols.

##### ➤ **CONSOLIDATED SUCCESSES**

- Very united Board enthusiastic of progressive development of the institute.
- Impressive turn out of learners.
- Construction of food and beverage workshop, restaurant and drawing room with offices and washrooms for trainers to ease congestion in staffroom.
- Sufficient lighting within the Institute was also provided.

##### ➤ **CHALLENGES**

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

##### ➤ **WAY FORWARD**

- Increase more learning halls through Government Funding and Constituency Development Fund.
- Constructing hostels mainly for female learners in the short term.
- Do more harvesting of rain water, drill a borehole, construct a pump house in the nearest river and install an electric pump for piped water to the institute.

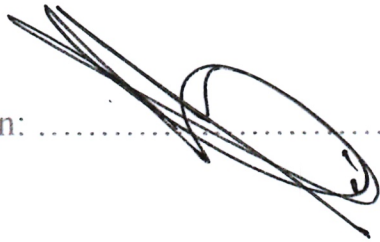
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- Enhance extra co-curricular activities by facilitating mobility through procuring of Institute bus.
- Constructing of plumbing and electrical workshops with stores, offices and washrooms.
- Constructing of power house.
- Plan more developments.

HARRISON K KIRUI  
CHAIRMAN, BOARD OF GOVERNORS  
29<sup>th</sup> Sept, 2022.

Sign: .....



Date: .....

07/09/2023

## V. REPORT OF THE PRINCIPAL

Sotik Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training.

### HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

The Financial Year 2021/2022 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

During the year under review, the total capitation received from the government amounted to Kshs. 16,380,00 compared to 40,287,500. This is due to cancellation of quarter four capitation by the government

Income from rendering of services was in the tunes of 37.3 million compared to 9.46 million in 2020/2021 the increase was due to quarter four capitation that was billed to students.

#### **Students Enrolment;**

During the year 2021/2022, there was increase in student enrolment 982 making the student number to 2547. During the financial year under review, 2021/2022, the Institute developed and delivered on several tangible targets:

#### **Projects Undertaken**

The Board was also able to undertake the following projects:

<b>Project</b>	<b>Completion rate</b>
Culverts and Pavements	<b>100%</b>
Store house yard	<b>100%</b>
Pit Latrines	<b>100%</b>
Dairy shade	<b>100%</b>
Food & Beverage Workshop	<b>100%</b>
Dispensary	<b>100%</b>

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

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

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

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

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.


Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.

JOEL K MARITIM  
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS  
Date: 29<sup>th</sup> Sept, 2022

Sign: 

DATE: 07.06.2023

**VI. REVIEW OF SOTIK TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FINANCIAL YEAR 2021/2022**

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

1. HUMAN RESOURCE
2. STUDENTS
3. PHYSICAL INFRASTRUCTURE
4. ACCESSIBILITY
5. WATER
6. EQUIPMENT
7. FINANCIAL RESOURCES
8. INFORMATION COMMUNICATION TECHNOLOGY INTEGRATION

Sotik Technical Training Institute develops its annual work plans based on the above eight pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Sotik Technical Training Institute achieved its performance targets set for the Financial Year 2020/2021 period for its eight strategic pillars, as indicated in the diagram below:

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

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<p><b>Pillar 3:</b> <b>PHYSICAL INFRASTRUCTURE</b></p>	<p>To provide the physical infrastructure in the Institute</p>	<ul style="list-style-type: none"> <li>❖ Increased Teaching Infrastructure</li> <li>❖ Increased support Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>❖ To construct workshops for training purposes</li> <li>❖ To equip training workshops</li> <li>❖ To equip the existing library</li> <li>❖ To construct a Female hostel</li> <li>❖ To purchase land for expansion</li> <li>❖ To construct a recreational Centre.</li> <li>❖ To Construct water storage tank</li> <li>❖ To purchase institute Bus</li> </ul>	<p>School bus purchased and construction of food and Beverage complex launched 1<sup>st</sup> quarter of 2020/2021.</p>
<p><b>Pillar 4:</b> <b>ACCESSIBILITY</b></p>	<p>To improve the road-network within the Institution</p>	<ul style="list-style-type: none"> <li>❖ Construct civil works within the institute</li> </ul>	<ul style="list-style-type: none"> <li>❖ To construct access roads within the institute</li> <li>❖ To construct parking bays</li> </ul>	<p>Institution's roads have been improved</p>
<p><b>Pillar 5:</b> <b>WATER</b></p>	<p>To provide adequate and sustainable water supply for the Institute</p>	<ul style="list-style-type: none"> <li>➤ Construct civil works within the institute</li> </ul>	<ul style="list-style-type: none"> <li>❖ Strengthen existing competitiveness benchmarks</li> <li>❖ Establish new competitiveness benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>❖ Student numbers have continued to increase</li> </ul>
<p><b>Pillar 6:</b> <b>EQUIPMENT</b></p>	<p>To provide adequate training equipment for various courses.</p>	<ul style="list-style-type: none"> <li>❖ To provide training equipment</li> </ul>	<ul style="list-style-type: none"> <li>❖ To procure more training equipment for various courses</li> <li>❖ Establish more workshops</li> </ul>	<ul style="list-style-type: none"> <li>❖ Student numbers have continued to increase</li> </ul>

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

## VII. CORPORATE GOVERNANCE STATEMENT

During financial year 2021/22, there was 95% eligible attendance at all meetings of the Board and Committees.

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

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

The board of governors held three Full board meetings in the financial year 2021/2022.

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

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

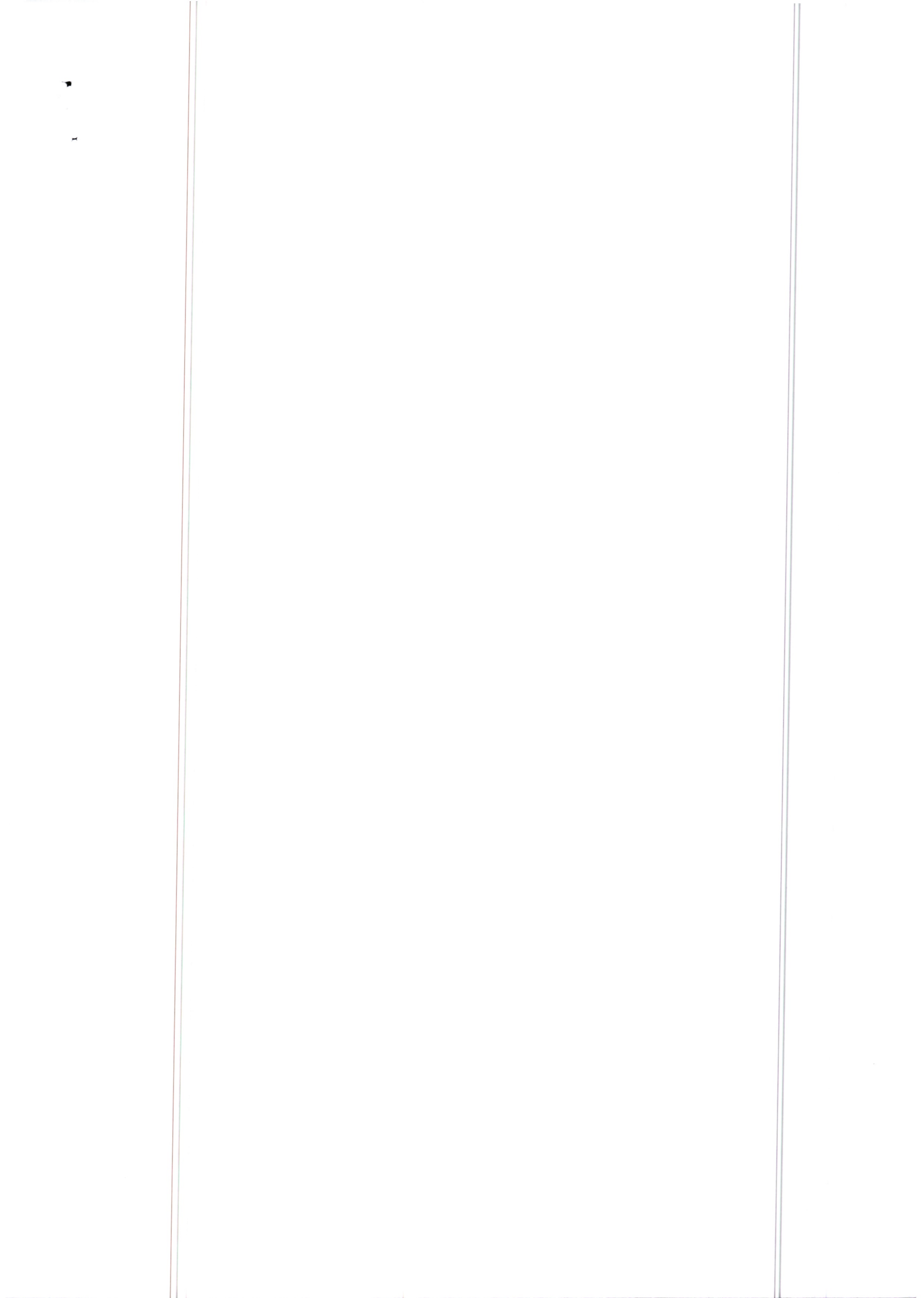
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- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons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

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

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



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

### Major Challenges

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

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

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

Sotik Technical Training institute complies to deduction and remittance of statutory deductions such as National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF) and Pay As You Earn (PAYE).

**Key projects and investment decisions**

The projects under consideration in the financial year 2021/2022 are summarised in the table below

<b>Project</b>	<b>Completion rate</b>
Plumbing/Electrical workshop	<b>100%</b>
Power house	<b>100%</b>
ERP System	<b>60%</b>
Greenhouse	<b>100%</b>
Pavements extension	<b>100%</b>
Generator	<b>100%</b>
Cabros Production	<b>100%</b>

**IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

**1. Sustainability strategy and profile -**

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

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

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

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

**2. Employee welfare**

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

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

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**a) Policies guiding hiring process**

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

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

**3. Market place practices-**

**Responsible Supply Chain and Supplier relations**

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

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

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

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

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

**X. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Sotik Technical Training Institute's affairs.

**Principal activities**

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

**Results**

The results of the entity for the year ended June 30 2022 are set out on page 1-19

**BOARD OF GOVERNORS**

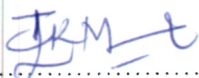
The members of the Board who served during the year are shown on page iv.

**Auditors**

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

By Order of the Board

JOEL K. MARITIM  
Board Secretary  
Sotik Technical Training Institute

Sign: ..... 

Date: ..... 

**XI. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board of Governors to prepare financial statements in respect of that Sotik Technical Training Institute, which give a true and fair view of the state of affairs of the Sotik Technical Training Institute at the end of the financial year 2021/22 and the operating results of the Sotik Technical Training Institute for that year 2021/22. The Board of Governors are also required to ensure that the Sotik Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Sotik Technical Training Institute. The Board of Governors are also responsible for safeguarding the assets of the Sotik Technical Training Institute.

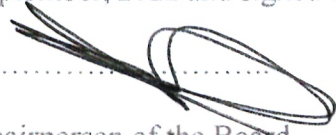
The Board of Governors are responsible for the preparation and presentation of the Sotik Technical Training Institute's financial statements, which give a true and fair view of the state of affairs of the Sotik Technical Training Institute for and as at the end of the financial year 2021/22 ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Sotik Technical Training Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Governors accept responsibility for the Sotik Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013. The Board of Governors are of the opinion that the Sotik Technical Training Institute's financial statements give a true and fair view of the state of Sotik Technical Training Institute's transactions during the financial year ended June 30, 2022, and of the Sotik Technical Training Institute's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the Sotik Technical Training Institute, which have been relied upon in the preparation of the Sotik Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

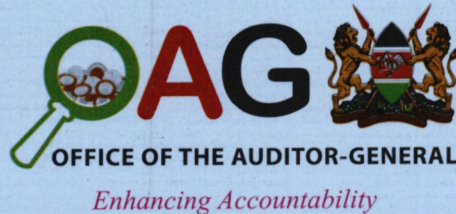
The Sotik Technical Training Institute's financial statements were approved by the Board on 29<sup>th</sup> September, 2022 and signed on its behalf by:

.....  
  
Chairperson of the Board  
Date: 07/06/2023

.....  
  
Accounting officer/Principal  
Date: 07.06.2023

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON SOTIK TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

- A. Report on the 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and overall governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Sotik Technical Training Institute set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sotik Technical Training Institute as at 30 June, 2022, 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 Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported Expenditure**

#### **1.1 Local Travel and Transport**

The statement of financial performance reflects use of goods and services amount of Kshs.31,134,075 as disclosed in Note 9 to the financial statements which includes local travel and transport amount of Kshs.2,963,445. However, included in the amount is Kshs.1,389,025 which supporting documents including invitation letters, signed attendance registers, activity timetable, vehicle work ticket, air tickets and boarding passes were no provided for audit. Further, the amount includes an expenditure of Kshs.132,425 incurred on purchase of tyres which was wrongly charged to local travel and transport.

In the circumstances, the classification, accuracy and completeness of local travel and transport amount of Kshs.1,521,450 could not be confirmed.

#### **1.2 Repairs and Maintenance**

The statement of financial performance reflects repairs and maintenance amount of Kshs.5,980,319 as disclosed in Note 12 to the financial statements. The amount includes an expenditure of Kshs.5,516,818 incurred on the purchase of building materials including quarry dust, cement, ballast, sand, ceramic tiles, welding materials, terrazzo chips, iron sheets and ordinary nails. However, the amount was not supported by user requisitions, advertisement, tender evaluation, tender evaluation minutes, letters of award and acceptance, inspection and acceptance committee reports, counter receipt voucher, stores ledgers, and counter receipt and issue vouchers.

In the circumstances, the accuracy, completeness and regularity of repairs and maintenance amount of Kshs.5,516,818 could not be confirmed.

### **2. Inaccuracies in the Balances**

#### **2.1 Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,202,669 as disclosed in Note 15 to the financial statements. However,

the age analysis for the receivables was not provided for audit. Further, reconciliation for impairment allowance receivables from exchange transactions has not been disclosed in Note 15 to the financial statements as prescribed in the reporting template. In addition, no provisions have been made for bad and doubtful debts.

In the circumstances, the accuracy, completeness and existence of receivables from exchange transactions balance of Kshs.5,202,669 could not be confirmed.

## **2.2 Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.90,073,427 as disclosed in Note 17 to the financial statements. However, the amount does not include the value of land, donated automotive equipment and motor vehicle. Further, title deed for the land and updated assets' register were not provided for audit.

In the circumstances, the accuracy, completeness, ownership and existence of property, plant, and equipment balance of Kshs.90,073,427 could not be confirmed.

## **2.3 Total Capital and Reserves**

The statement of changes in net assets reflects total capital and reserves balance of Kshs.93,216,300. However, the amount differs with the computed amount of Kshs.114,152,745 resulting to an unexplained variance of Kshs.20,936,445 . Further, the amount includes retained earnings opening balance of Kshs.16,227,241 which was not reflected in the previous year audited financial statements.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.111,338,520 and Kshs.53,617,355 respectively resulting to revenue shortfall amounting to of Kshs.57,721,165 or 52% of the budget. Similarly, the Institute expended Kshs.45,741,489 against an approved budget of

Kshs.54,947,020 resulting to an under-expenditure of Kshs.9,205,531 or 17% of the budget.

The underfunding and underperformance may have affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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**

#### **Non-Compliance with the National Cohesion and Integration Act, 2008**

Review of records provided revealed that the Institute has seventy (70) employees out of which fifty-nine (59) or 84% were from the dominant community. This is contrary to Section 7 of the National Cohesion and Integration Act, 2008 which requires that all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of staff from the same ethnic community. Further, eight (8) members of staff were recruited during the year under review. However, all the newly recruited members were from the dominant community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Governors**

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied

in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

21 June, 2023

**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE  
2022**

	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	16,380,000	40,287,500
<b>Total Revenue from non-exchange transactions</b>		<b>16,380,000</b>	<b>40,287,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	37,147,165	9,193,776
Other income	8	90,190	9,100
<b>Revenue from exchange transactions</b>		<b>37,237,355</b>	<b>9,202,876</b>
<b>Total revenue</b>		<b>53,617,355</b>	<b>49,490,376</b>
<b>Expenses</b>			
Use of goods and services	9	31,134,075	21,327,969
Employee costs	10	8,117,095	5,550,145
Depreciation and amortization expense	11	4,103,979	3,344,363
Repairs and maintenance	12	5,980,319	3,157,100
Board allowances	13	510,000	903,500
<b>Total expenses</b>		<b>49,845,468</b>	<b>34,283,077</b>
<b>Net Surplus for the year</b>		<b>3,771,887</b>	<b>15,207,299</b>

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

XIV STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022


	Notes	2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16		9,452,154
Receivables from exchange transactions	17		2,261,000
Receivables from other exchange transactions	18		10,171,000
<b>Total Current Assets</b>		<b>10,223,154</b>	<b>21,885,154</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	72,597,769	72,597,769
Intangible asset (ERP System)	27	91,749,827	
<b>Total Non-current Assets</b>		<b>164,347,596</b>	<b>72,597,769</b>
<b>Total assets</b>		<b>174,570,750</b>	<b>94,482,923</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	4,781,676	2,415,200
Refundable deposits from customers	19		514,000
Payments received in advance	18		552,410
<b>Total Current Liabilities</b>		<b>4,781,676</b>	<b>3,481,610</b>
<b>Total liabilities</b>		<b>4,781,676</b>	<b>3,481,610</b>
<b>Reserves</b>			
Accumulated surplus	21	12,805,964	12,805,964
Capital Fund	20	78,983,822	78,865,845
<b>Total Capital and Reserves</b>		<b>91,789,786</b>	<b>91,671,809</b>
<b>Total Liabilities and Reserves</b>		<b>102,475,352</b>	<b>94,453,465</b>

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

**Principal Secretary to BOC**  
Name: Joseph Maritim  
ID NO... 9233834.....

**Finance Officer**  
Name: K Kirui  
ICPAK Member Number... 24604  
ID NO... 22561383.....

**Chairman of the Board**  
Name: Harrison Kirui  
ID NO... 5230058.....

Sign..... 

Sign..... 

Sign..... 

Date... 07-06-2023

Date... 7-06-2023

Date... 07/06/2023

**XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

	Accumulated reserves	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2021</b>	<b>26,351,323</b>	-	-	<b>47,822,295</b>	<b>74,173,618</b>
Revaluation gain	15,270,795	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	15,270,795	-	15,270,795
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	956,446	-	956,446	(956,446)	-
<b>At June 30, 2021</b>	<b>42,578,564</b>	-	<b>16,227,241</b>	<b>46,865,849</b>	<b>89,444,413</b>
<b>At July 1, 2022</b>	<b>42,578,564</b>	-	<b>16,227,241</b>	<b>46,865,849</b>	<b>89,444,413</b>
Revaluation gain	3,771,887	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	3,771,887	-	3,771,887
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	937,317	-	937,317	(937.317)	-
<b>At June 30, 2022</b>	<b>47,287,768</b>	-	<b>20,936,445</b>	<b>45,928,532</b>	<b>93,216,300</b>

**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		2021/2022	2020/2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Net cash flows from operating activities</b>	22	9,360,124	22,639,810
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	17	(11,613,034)	(19,107,609)
Purchase of intangible assets	27	(1,676,400)	-
<b>Net cash flows used in investing activities</b>		<b>(13,289,434)</b>	<b>(19,107,609)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(3,929,310)</b>	<b>3,532,201</b>
Cash and cash equivalents at start of year		9,452,166	5,919,969
<b>Cash and cash equivalents at end of year</b>	14	<b>5,522,856</b>	<b>9,452,170</b>

SOTIK TECHNICAL TRAINING INSTITUTE  
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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		%age
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	
<b>Revenue</b>											
Transfers from other Govt entities Govt grants	74,730,000				74,730,000		16,380,000		(58,350,000)		-78%
Public contributions and donations	2,120,000				2,120,000				(2,120,000)		-100%
Rendering of services- Fees from students	34,488,520				34,488,520		37,147,165		2,658,645		8%
Other income							90,190		90,190		100%
<b>Total income</b>	<b>111,338,520</b>				<b>111,338,520</b>		<b>53,617,355</b>		<b>(57,721,165)</b>		
<b>Expenses</b>											
Compensation of employees	10,032,560				10,032,560		8,117,095		(1,915,465)		-19%
Use of Goods and services	37,017,460				37,017,460		31,134,075		(5,883,385)		-16%
Repairs and maintenance	6,297,000				6,297,000		5,980,319		(316,681)		-5%
Remuneration of directors	1,600,000				1,600,000		510,000		(1,090,000)		-68%
<b>Total expenditure</b>	<b>54,947,020</b>				<b>54,947,020</b>		<b>45,741,489</b>		<b>(9,205,531)</b>		
<b>Surplus for the period</b>	<b>56,391,500</b>				<b>56,391,500</b>		<b>7,875,866</b>		<b>(48,515,634)</b>		
<b>Non-cash expenses</b>											
Depreciation charge							4,103,979		4,103,979		
<b>Surplus for the period after depreciation charge</b>	<b>56,391,500</b>				<b>56,391,500</b>		<b>3,771,887</b>				
<b>Capital expenditure</b>	<b>56,391,000</b>				<b>56,391,000</b>		<b>11,613,034</b>		<b>(44,778,466)</b>		
<b>Surplus for the period after capital expenditure before depreciation</b>							<b>(3,737,168)</b>		<b>(3,737,168)</b>		

**Budget notes**

1. The variance was as a result of capitation for quarter 4 was not disbursed.
2. The variance occurs also as result of development funds not disbursed due to covid-19 constraint.

**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

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

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

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

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment

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Standard	Effective date and impact:
	<p>of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><b>No impact of the standard to the Entity</b></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><b>No impact of the standard to the Entity</b></p>

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><b>No impact of the standard to the Entity</b></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><b>No impact of the standard to the Entity</b></p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on</p>

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Standard	Effective date and impact:
	<p>the financial position, financial performance and cash flows of an Entity.                      The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>No impact of the standard to the Entity</b></p>
<p>IPSAS 44:                      Non- Current                      Assets Held                      for Sale and                      Discontinued                      Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,                      Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:                      Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>No impact of the standard to the Entity</b></p>

**iii. Early adoption of standards**

Sotik Technical Training Institute did not early-adopt any new or amended standards in year 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

**Rendering of services**

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

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

b) Budget information

The original budget for financial year 2021/2022 was approved by the Board of Governance on 29/06/2021 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Sotik Technical Training Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of financial provisions of Technical and Vocational Education and Training Act No. 29 of 2013 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

	<u>Rate %</u>
Buildings	2
Plant and machinery	20
Motor vehicles	25
Library books	10
Furniture and fittings	12.5
Transformer	10
Computer equipment	30

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

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

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

**d) Intangible assets**

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

**Computer software**

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

**e) Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Sotik Technical Training Institute.

**j) Provisions**

Provisions are recognized when the Sotik Technical Training Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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Where the Sotik Technical Training Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**k) Nature and purpose of reserves**

**a. Accumulated surpluses**

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

**b. Capital reserves**

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

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

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

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

**m) Employee benefits**

**Retirement benefit plans**

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

**n) Related parties**

Sotik Technical Training Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

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

**o) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at Kenya commercial bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**p) Comparative figures**

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

**q) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Sotik Technical Training Institute's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

**Useful lives and residual values**

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

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

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6. TRANSFERS FROM OTHER GOVERNMENTS

Description	2021-2022 KShs	2020-2021 KShs
<b>Unconditional grants</b>		
Operational grants - Capitation	16,380,000	39,787,500
Recurrent grants	-	500,000
	<b>16,380,000</b>	<b>40,287,500</b>
<b>Conditional grants</b>		
Other organizational grants	-	-
<b>Total government grants and subsidies</b>	<b>16,380,000</b>	<b>40,287,500</b>

7. RENDERING OF SERVICES

Description	2021-2022 KShs	2020-2021 KShs
Tuition fees	29,408,908	6,403,776
Bursary fees	653,407	700,800
Activity fees	36,470	6,280
Registration and Examination fees	6,441,650	1,798,770
Industrial attachment fees	606,730	284,150
<b>Total Rendering of Services</b>	<b>37,147,165</b>	<b>9,193,776</b>

8. OTHER INCOME

Description	2021-2022 KShs	2020-2021 KShs
Student council	11,250	1,200
Tender income	7,000	-
Internet fee	43,610	7,900
Other income generating activities	9,490	-
Medical	14,840	-
Food & Beverage Practical	4,000	-
<b>Total other income</b>	<b>90,190</b>	<b>9,100</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Electricity and Water	710,341	783,989
Student IDs	286,818	68,400
Examination and registration	8,064,909	3,907,280
Subscriptions	126,950	392,180
Activity fee	1,245,390	192,150
Advertising	421,760	564,400
Admin fees	1,326,199	2,316,337
Postage	-	400
Printing and stationery	3,642,988	2,452,950
Bank charges	26,313	14,517
Skills development	457,500	-
Telecommunication	496,780	218,184
Training expenses	260,000	90,000
Other -Student council	411,700	208,660
Insurance	199,929	48,645
Attachments	456,000	221,500
Cleaning	869,136	944,865
Materials expenses	5,978,356	4,083,635
Fuel and Lubrications	579,578	525,559
Local Travel and transport	2,963,445	1,274,476
Consumables	733,656	663,955
Hire charges	146,000	-
Library expense	7,500	55,450
Tender expenses	-	-
Conference expenses	380,600	-
IGU Expenses	442,727	725,880
Covid-19	-	1,574,557
Assets valuation	850,000	-
KUCCPS Placement charges	49,500	-
<b>Total good and services</b>	<b>31,134,075</b>	<b>21,327,969</b>

10. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	7,360,075	5,298,290
Social contributions	757,020	251,855
<b>Employee costs</b>	<b>8,117,095</b>	<b>5,550,145</b>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	4,103,979	3,344,363
<b>Total depreciation and amortization</b>	<b>4,103,979</b>	<b>3,344,363</b>

12. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
Property	5,980,319	3,157,100
<b>Total repairs and maintenance</b>	<b>5,980,319</b>	<b>3,157,100</b>

13. BOARD ALLOWANCES

Description	2021-2022	2020-2021
	KShs	KShs
Board allowances	510,000	903,500
<b>Total board remuneration</b>	<b>510,000</b>	<b>903,500</b>

14. CASH AND CASH EQUIVALENTS

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

Description	2021-2022	2020-2021
	KShs	KShs
Current account	5,490,496	9,256,903
Others(Cash)	32,360	195,263
<b>Total cash and cash equivalents</b>	<b>5,522,856</b>	<b>9,452,166</b>

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

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

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank-FEES	1225821479	1,313,723	654,025
Kenya Commercial bank-Recurrent	1212348028	1,222,455	8,601,827
Kenya Commercial bank-CDF A/C	1234234645	559	559
Kenya Commercial bank-DEV'T A/C	1212348125	2,953,759	492
<b>Sub- total</b>		<b>5,490,496</b>	<b>9,256,903</b>
Cash on hand		32,360	195,263
<b>Sub- total</b>		<b>32,360</b>	<b>195,263</b>
<b>Grand total</b>		<b>5,522,856</b>	<b>9,452,166</b>

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**15. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Sundry debtors	5,202,669	2,233,550
<b>Total receivables</b>	<b>5,202,669</b>	<b>2,233,550</b>

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

**16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Fourth quarter capitation	-	10,170,000
<b>Total receivables</b>	<b>-</b>	<b>10,170,000</b>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT

The table below represents movement schedule of the institution's fixed assets.

	Buildings and Structures	Culverts, cabro and Pavements	Tents	Dairy shed, green house and temporary buildings	Computers and Accessories	Office Equipment & Furnitures	Generator and Trasformer	Library Books	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
	2%	20%	20%	10%	30%	12.5%	10%	10%		
At 30 <sup>th</sup> June 2019	50,810,350	-	-	-	-	1,722,000	1,167,850	1,001,500	1,047,051	55,748,751
Additions	11,960,366	-	-	-	4,576,250	262,475	-	-	-	16,799,091
At 30 <sup>th</sup> June 2020	62,770,716	-	-	-	4,576,250	1,984,475	1,167,850	1,001,500	1,047,051	72,547,842
Additions	14,661,475	1,693,000	-	1,501,395	438,500	813,239	-	-	-	19,107,609
Transfer of capital WIP	1,047,051	-	-	-	-	-	-	-	(1,047,051)	-
At 30 <sup>th</sup> June 2021	78,479,242	1,693,000	-	1,501,395	5,014,750	2,797,714	1,167,850	1,001,500	-	91,655,451
Additions	5,798,722	2,070,340	511,000	267,750	432,000	336,022	2,197,200	-	-	11,613,034
At 30 <sup>th</sup> June 2022	84,277,964	3,763,340	511,000	1,769,145	5,446,750	3,133,736	3,365,050	1,001,500	-	103,268,485
<b>Depreciation and impairment</b>										-
At 30 <sup>th</sup> June 2020	3,227,263	-	-	-	1,372,875	436,403	316,488	190,285	-	5,543,314
Depreciation	1,505,040	338,600	-	150,140	1,092,563	295,164	85,136	81,122	-	3,547,763
At 30 <sup>th</sup> June 2021	4,732,303	338,600	-	150,140	2,465,438	731,567	401,624	271,407	-	9,091,079
Depreciation	1,590,913	684,948	102,200	161,901	894,394	300,271	296,343	73,009	-	4,103,979
At 30 <sup>th</sup> June 2022	6,323,216	1,023,548	102,200	312,041	3,359,832	1,031,838	697,967	344,416	-	13,195,058
<b>Net book values</b>										
At 30 <sup>th</sup> June 2022	77,954,748	2,739,792	408,800	1,457,104	2,086,918	2,101,898	2,667,083	657,084	-	90,073,427
At 30 <sup>th</sup> June 2021	73,746,939	1,354,400	-	1,351,255	2,549,312	2,066,147	766,226	730,093	-	82,564,372
At 30 <sup>th</sup> June 2020	59,543,453	-	-	-	3,203,375	1,548,072	851,362	811,215	1,047,051	67,004,528

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	7,794,642	3,415,266
Payments received in advance-Prepaid fees	552,410	552,410
<b>Total trade and other payables</b>	<b>8,347,052</b>	<b>3,967,676</b>

19. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2021-2022	2020-2021
	KShs	KShs
Caution money	912,000	814,000
<b>Total deposits</b>	<b>912,000</b>	<b>814,000</b>

20. CAPITAL GRANTS

Description	2021-2022	2020-2021
	KShs	KShs
Building constructed by the ministry via Mentor institution	50,810,350	50,810,350
Accumulated depreciation	(4,881,818)	(3,944,505)
<b>Total capital grant</b>	<b>45,928,532</b>	<b>46,865,845</b>

21. ACCUMULATED SURPLUSES

Description	2021-2022	2020-2021
	KShs	KShs
At start of year	42,578,564	26,642,219
Surplus for the year	3,771,887	15,207,299
Transfer of capital grants depreciation	937,317	956,446
<b>Total Accumulated surpluses</b>	<b>47,287,768</b>	<b>42,805,964</b>

22. CASH GENERATED FROM OPERATIONS

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year	3,771,887	15,207,299
<b>Adjusted for:</b>		
Depreciation and amortisation	4,103,979	3,344,363
Working Capital adjustments		
Decrease/(increase) in receivables	(2,969,119)	406,141
(Decrease)/increase in payables	4,453,377	3,682,007
<b>Net cash flow from operating activities</b>	<b>9,360,124</b>	<b>22,639,810</b>

SOTIK TECHNICAL TRAINING INSTITUTE  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**23. RELATED PARTY BALANCES**

**Government of Kenya**

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

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

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

**26. CURRENCY**

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

**27. INTANGIBLE ASSETS(ERP SYSTEM)**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Cost</b>		
At the start of the year	-	-
Additions	1,676,400	-
<b>At the end of the year</b>	<b>1,676,400</b>	-

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

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Plumbing workshop			100%	5,200,000	5,199,434	Fees from students
2	Power house			100%	750,000	599,288	..
3	ERP System			60%	3,000,000	1,676,400	..
4	Greenhouse			100%	300,000	267,750	..
5	Pavements extension			100%	700,000	528,416	..
6	Generator			100%	2,500,000	2,197,200	..
7	Cabros Production			100%	1,600,000	1,338,924	..

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Property, Plant and Equipment – Lack of accurate assets register	We have engaged services of a professional valuer to enable us obtain the market values of our assets and also to prepare an asset register of all the institute assets.	<b>Resolved</b>	2022/2023.
	Accumulated Reserves	This was an arithmetical error which we have subsequently corrected.	<b>Resolved</b>	May 2022.
	Lack of Debt Management Policy	Subsequently the institute has developed the debt management policy	<b>Resolved</b>	May 2022.
	Lack of an Effective System for Managing and Accounting for Imprests	The imprest register is now in place and all imprest are properly recorded and accounted for properly	<b>Resolved</b>	May 2022.
	Risk Management Policy	Subsequently the institute has developed the Risk management Policy	<b>Resolved</b>	May 2022.
	Lack an Internal Audit Function and Operational Audit Committee	The Institute has subsequently formed the office of the Internal audit and it was fully functioning by June 2022.	<b>Resolved</b>	June 2022.
	Lack of Human Resource Plans and staff establishment	The Institute’s Board of Governors is in the process of developing staff establishment	<b>Work in progress</b>	2022/2023
	breach of Human Resource Policies and Procedures for the Public Service	The management has developed the Human resources policy manual which is aligned to procedures for the public service recruitment to be followed on all staff related matters.	<b>Resolved</b>	June 2022
	Staff Ethnic Composition	We have noted the gap identified and the management going forward will ensure that national cohesion is observed when hiring employees of the institute.	<b>Work in progress</b>	2022/2023

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

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

The Ministry of Education, Science and Technology, state department Vocational and Technical Training wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1	19/11/2021	1,800,000				1,800,000	-
2	2/3/2022	1,800,000				1,800,000	-
3	3/6/2022	2,780,000				2,780,000	-
Total		<b>16,380,000</b>				<b>16,380,000</b>	-

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

**Head of Accounting department of beneficiary Entity:**

Name Joel K. Martin Sign [Signature] Date 07.06.2023