

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
DATE: 09 NOV 2022 Wednesday-Afternoon
TABLED
HON. KIMANI LEHUNGUWA MP
Leader of Majority
Mairiah Wanjiku

REPORT

OF

THE AUDITOR-GENERAL

ON

**SOTIK TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2019**



**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
SOTIK TECHNICAL TRAINING INSTITUTE**

SOTIK TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30TH, 2019.**

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

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

Table of Contents	Page
KEY ENTITY INFORMATION AND MANAGEMENT	ii
THE BOARD OF DIRECTORS	iv
MANAGEMENT TEAM	v
CHAIRMAN'S REPORT.....	vi
PRINCIPAL'S REPORT.....	vii
CORPORATE GOVERNANCE STATEMENT	viii
MANAGEMENT DISCUSSION AND ANALYSIS	ix
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY.....	x
REPORT OF THE BOARD OF GOVERNORS.	xi
STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES	xii
REPORT OF THE INDEPENDENT AUDITORS ON THE SOTIK TECHNICAL TRAINING INSTITUTE.....	xiii
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF CASH FLOWS.....	4
FOR THE YEAR ENDED 30 JUNE 2019.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX I: ASSETS DONATED BY THE PARENT MINISTRY.	15
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	16
APPENDIX III: INTER-ENTITY TRANSFERS	17

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 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 ICT integration.

Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

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

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

(d) Fiduciary Oversight Arrangements

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

(e) Entity Headquarters

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

(f) Entity Contacts

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

(g) Entity Bankers

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








(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

THE BOARD OF DIRECTORS

	<p>Harrison Kirui (Chairman) ,MA in Economics</p>	<p>Born in 1963 MA in Economics Over 30 years management experience in tea industry</p>
	<p>Apollo Wangah, HND in Mechanical engineering</p>	<p>Born in 1965 HND in Mechanical engineering Over 20 years mechanical workshop experience</p>
	<p>Nancy C. Pere, BA in Sociology</p>	<p>Born in 1978 BA in Sociology Over 10 years' experience as a social worker with NGOs</p>
	<p>Joshua Osindi, BSc in Electrical engineering</p>	<p>Born in 1986 BSc in Electrical engineering Over 5 years in Tea industry</p>
	<p>Richard Mangare, BSc in Electrical engineering</p>	<p>Born in 1968 BSc in Electrical engineering Over 20 years' experience in tea industry</p>
	<p>Joel Maritim (Principal), Bachelor's degree in Technology Education</p>	<p>Born in 1966 Bachelor's degree in Technology Education Over 24 years' experience trainer in technical training</p>
	<p>Evalyne Langat, Bachelor's degree in Business Management, CPA(K) holder.</p>	<p>Born in 1978 BBM in Business Management and CPA(K) holder Over 15 years Management Accountant in tea industry.</p>

MANAGEMENT TEAM

	<p>Joel K. Maritim, Bachelor's degree in Technology Education.</p>	<p>Principal/ B.O.G Secretary</p>
	<p>Tarus K. Barkebo, Bachelor's degree in Technology Education.</p>	<p>Deputy Principal Administration</p>
	<p>Paul G. Makori, Master's degree in Educational Planning, PGD in Human Resource Management and Management Course(SMC).</p>	<p>Deputy Principal Academics</p>
	<p>Joseah K. Kirui ,Bachelor's degree in Business Management, CPA(K) .</p>	<p>Head of Finance</p>
	<p>Chepkwony K. Gideon, Master of Science in Procurement and Logistics.</p>	<p>Head of Procurement</p>

CHAIRMAN'S REPORT

>KEY ACTIVITIES- FINANCIAL YEAR 2018/19

- The recruitment of students and staff was remarkable.
- Receiving and assembling of learning equipment, furniture from the Ministry of Education.
- Full and various Executive Board meetings were also held.
- Trees planted by Institute entire family and Independent Electoral and Boundaries Commission staffs.
- Trainings of Board of Governors which was held at Eldoret and Nakuru.
- Construction of Ablution block sponsored by Constituency Development Fund Sotik Constituency which is now 85% complete.
- Harvesting of storm water by fixing rain gutters and installation of four Polyvinyl Chloride (PVC) storage tanks each with capacity of ten thousand litres.

>CONSOLIDATED SUCCESSES

- Very united Board enthusiastic of progressive development of the institute.
- Impressive turn out of learners to a record tune of eight hundred and fifty active students.
- Impressive participation of students in ball games up to national level.

>CHALLENGES

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

>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.
- Erect a perimeter fence to enhance security and provide sufficient lighting within the institute.
- Enhance extra co-curricular activities by facilitating mobility through procuring of Institute bus.
- Plan more developments.

SIGN:



HARRISON KIRUI- CHAIRMAN BOG

PRINCIPAL'S REPORT

Sotik Technical Training Institute is located in Kapkelei Location, Ndanai Division, Sotik Sub-County of Bomet County. Its construction was completed in October 2016 and the first batch of students reported in January 2017. The current Principal reported on 30th January 2017 and by then there were only eleven students but enrolment has since short up to one thousand two hundred and sixty students currently. This has been made possible due to cooperation between the Board of Governors, stakeholders and the community.

Sotik Technical Training Institute as a Technical Vocational Educational Training institution currently offers twenty five programmes/ courses accredited by Technical and Vocational Educational Training Authority. The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations. Candidates have sat for examinations in November 2018 and July 2019. There are also three hundred and eleven candidates who have registered for November 2019 series.

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

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

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved. We are in the process of constructing two Hostels with partnership from Finlays (K) 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.

Sign: 

Principal/Secretary BOG.

CORPORATE GOVERNANCE STATEMENT

During FY 2018/19, there was 98% eligible attendance at all meetings of the Board and Committees.

- 1) There was three full board meetings and two Executive board meetings held.
- 2) No board charter exists at the moment.
- 3) Succession plan is after three years.

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda, together with the Board papers, is distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them at the Board meetings. Any specific actions arising during meetings are agreed by the Board and a follow-up procedure monitors their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.

Time is allocated at all meetings to discuss any other business, which all Members are invited by the Chair to raise. All Members participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the Company.

The Board Chairman's primary role is to ensure the effective running of the Board and that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

The Principal's primary role is to deal with the running of the Institute and executive management of all the staff. He advises the Board and reports directly to the Chair on Institute Governance matters. He also advises the Board on legal and governance matters, helping to ensure that Board procedures and applicable rules and regulations are observed.

The Members are also able to take independent professional advice in the furtherance of their duties as necessary.

The Role and Functioning of the Board

The Board is comprised of Board Chairman, Principal (Secretary to Board) and five board Members. The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively.

The Board is collectively responsible for the long-term success of the Institute.

There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i) Approval of overall Institute strategy and objectives.
- ii) Approval of the annual budget and monitoring progress towards its achievement.
- iii) Review and approval of the annual financial statements.
- iv) Approval of Institute's financing arrangements from donors and other government agencies.
- v) Approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are Non full-time employees.

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

MANAGEMENT DISCUSSION AND ANALYSIS

Sotik Technical Training Institute operational and financial performance

The Institution started operations January 2017 with only eleven students. In the first financial year of operations, the institution reported a surplus of Shs. 2.2 M which increased to Shs. 7.45M in year 2018/2019. The increase represents 235% which is attributed to increase in the number of students and increase in the government funding.

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

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

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

i. Government Funding

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

ii. Constituency Development Fund (CDF)

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

iii. National Science Technology & Innovation Fund

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

iv. Donors (Development Partners)

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

v. County Government of Bomet

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

Sotik Technical Training Institute compliance with statutory requirements

Sotik Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Key projects and investment decisions

The Institution is quite new and has not yet carried out any key project apart from construction of Eco toilets that were funded by the Constituency Development Fund.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

The essential characteristic of social responsibility is the willingness of an organisation to incorporate social and environmental considerations in its decision making and be accountable for all impacts of its decisions and activities on society and the environment. This implies both transparent and ethical behavior that contributes to sustainable development of the institute.

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.

Corporate responsibility and sustainability (CR&S) is inherent in every aspect of Institute's operations. We strive to go beyond our statutory obligations to be a good neighbor, care for our stakeholders and minimize our impact on the environment.

Sotik Technical Training Institute is developing a Strategic Plan, a visual representation of the Institute's long-term goals and planned actions up to 2023. The Strategic Plan incorporate all the Institution's activities as link the plan to the Kenya's Vision 2030 and MoE's Strategic Plan (2013-2017)

Sotik Technical Training Institute is committed to promoting sustainability in all areas of our Institute by;

- i) Undertaking risks assessments, reacting and adapting to climate change, minimizing the environmental impact of all aspects of our Institute's operations.
- ii) Recycling office and project waste materials where practicable and cost-effective.
- iii) Minimizing business-related travel and promoting the use of public transport and shared travel/commuting wherever practicable and cost-effective.
- iv) Communicating the requirements and needs of our environmental management system.
- v) Rendering ourselves accountable to all our stakeholders through annual sustainability reports documenting our most important environmental, social and economic impacts.
- vi) Supporting the communities in which we operate through charitable donations and environmental education.
- vii) Using local suppliers.

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

REPORT OF THE BOARD OF GOVERNORS.

The Board of Governors submit their report together with the audited financial statements for the year ended June 30, 2019 which shows the state of affairs for Sotik Technical Training Institute.

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, 2019 are set out on page 1

Board of Governors

The members of the Board of Governors who served during the year are shown on page 5. During the year a board member resigned and one was appointed to replace.

Dividends/Surplus remission

There was no dividends/surplus remitted.


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: .....

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act No. 29 of 2013 require the Board of Governors to prepare financial statements 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 2018/19 and the operating results of the Sotik Technical Training Institute for FY 2018/19. 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 2018/19 ended on June 30, 2019. 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 Sotik Technical Training Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the 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 the Technical and Vocational Education and Training Act No. 29 of 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, 2019, 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.

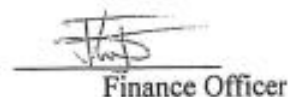
Nothing has come to the attention of the Board of Governors to indicate that Sotik Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Sotik Technical Training Institute's financial statements were approved by the Board on 18/09/2019 and signed on its behalf by:


B.O.G Chairman


Principal


Finance Officer

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SOTIK TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

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 17, which comprise the statement of financial position as at 30 June, 2019, 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, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Financial Statements

The statement of financial performance reflects repairs and maintenance of Kshs.2,556,016 and general expenses of Kshs.6,019,344 for the period ended 30 June, 2019 and as disclosed under Note 12 and 13. However, the statement of comparison of budget and actual amounts has no row provided for repairs and maintenance while general expenses is reflected as Kshs.8,575,360 resulting to unreconciled variance of Kshs.2,556,016.

In the circumstance, the accuracy and completeness of Kshs.2,556,016 for repairs and maintenance and Kshs.6,019,344 for general expenses for the year ended 30 June, 2019 could not be confirmed.

2. Variances Between Financial Statements and Supporting Schedules

The following unreconciled variances were noted between figures reported in these financial statements and supporting schedules provided for audit resulting to a variance of Kshs.10,521,825 as tabulated below;

Item	Financial Statement Kshs.	Ledger Schedules Kshs.	Variance Kshs.
Use of goods	3,980,005	3,231,205	748,800
Employees Costs	6,464,728	6,128,425	336,303
Repairs and maintenance	2,556,016	0	2,556,016
General expenses	6,019,344	857,763	5,161,581
Rendering of services fees	16,820,235	15,101,110	1,719,125
Total	35,840,328	25,318,503	10,521,825

In the circumstances, the accuracy and completeness of the reported balances in these financial statements for the year ended 30 June, 2019 could not be confirmed.

3. Revenue Variance

The statement of financial performance reports revenue from rendering services fee from students of Kshs.16,820,235 as at 30 June, 2019. However, examination of revenue ledger records and bank statement revealed that money amounting to Kshs.10,189,880 was banked while kshs.4,911,229 was in respect of student's debtors totalling to Kshs.15,101,730 leaving an unsupported balance of Kshs.1,719,730.

Consequently, the accuracy and completeness of these financial statements for the year ended 30 June, 2019 could not be ascertained.

4. Fees from Student Debtors

The statement of Financial Position reflects receivables from exchange transaction of Kshs.4,911,229 as supported in Note 15 to the financial statements as students' debtors. However, the student fees statements or students' debtors control ledgers indicating the student's chargeable fees, payments and the movements thereon were not provided for audit review to help determine the balances. Further, student debtors' ageing schedules indicating the period the fees had remained outstanding was not provided for audit review. In addition, there were no student fee policy or manual explaining the registration of a students, billing, payment, exemptions and cancelation procedures for students.

In the circumstance, the accuracy and completeness of student debtors amounting to Kshs.4,911,229 as at 30 June, 2019 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 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

1. Budgetary Control and Performance

1.1 Revenue Budget

During the year under review, the College's revenue budget amounted to Kshs.39,434,000 against actual collections of Kshs.34,649,539 (86%), resulting to a short fall of Kshs.4,784,461 (14%).

In the circumstance, the institution may not deliver the intended services as required and there is a need to re-evaluate the budgeting process.

1.2 Expenditure Budget

During the year under review, the College's expenditure budget was Kshs.39,434,000 against an actual of Kshs.27,238,141 resulting to an under expenditure of Kshs.12,195,859 or 31% as tabulated below.

Item	Budget Kshs	Actual Kshs	Variance	%
Compensation of employees	5,047,000	6,699,392	(1,652,392)	(33%)
Goods and services	1,120,000	3,980,005	(2,860,005)	(255%)
General expenses	33,267,000	13,977,360	19,289,640	58%
Depreciation	-	2,581,384		
Total expenditure	39,434,000	27,238,141	12,195,859	31%

The under absorption of Kshs.12,195,859 or 31% of the budget could hinder the Institute's implementation of the budget as envisaged. This may be an indication of over-budgeting and hence there is a need to re-evaluate the budgeting process to focus on more priority areas.

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 on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing 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

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 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 operating effectively.

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 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 those Charged with Governance

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 control, risk management and 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 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.

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

Auditor-General's Responsibilities for the Audit

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 review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of sustainability of service basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 February, 2022

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	12,170,000	3,233,653
Total Revenue from non-exchange transactions		12,170,000	3,233,653
Revenue from exchange transactions			
Rendering of services- Fees from students	7	16,820,235	2,652,000
Other income	8	29,640	
Revenue from exchange transactions		16,849,875	2,652,000
Total revenue		29,019,875	5,885,653
Expenses			
Use of goods and services	9	3,980,005	533,120
Employee costs	10	6,464,728	1,152,760
Depreciation and amortization expense	11	1,416,389	1,132,992
Repairs and maintenance	12	2,556,016	391,795
General expenses	13	6,019,344	1,581,599
Total expenses		20,436,482	4,792,266
Net Surplus for the year		8,583,393	1,093,387
Attributable to:			

The notes set out on pages 6 to 17 form an integral part of these Financial Statements

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	4,503,339	1,067,109
Receivables from exchange transactions	15	4,911,229	-
Total Current Assets		9,414,568	1,067,109
Non-current assets			
Property, plant and equipment	18	53,199,370	50,845,208
Total Non-current Assets		53,199,370	50,845,208
Total assets		62,613,938	51,912,317
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	1,104,718	-
Refundable deposits from customers	17	469,100	8,000
Payments received in advance	16	552,410	-
Total Current Liabilities		2,126,228	8,000
Total liabilities		2,126,228	8,000
Capital and Reserves			
Reserves		-	-
Accumulated surplus		11,689,450	2,110,174
Capital Fund		48,798,260	49,794,143
Total Capital and Reserves		60,487,710	51,904,317
Total Liabilities and Capital & Reserves		62,613,938	51,912,317

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Governors by:

Principal/Secretary to BOG

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

Sign... 

Date... 18/09/2020

Head of Finance

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

Sign... 

Date... 18/09/2020

Chairman of the Board

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

Sign... 

Date... 18/09/2020

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Reserves	Capital / Development Grants/Fund	Total
Balance b/f at July 1, 2017		-	-
Total comprehensive income	1,067,109.00		1,067,109
Balance c/d as at June 30, 2018	1,067,109	-	1,067,109
At start of year as previously stated	1,067,109	-	1,067,109
Prior year adjustments:			-
Add: transformer expensed	1,167,850	-	1,167,850
Less depreciation on transformer	(116,785)		(116,785)
Less depreciation on the building	(1,016,207)		(1,016,207)
Less: 2017/2018 caution money treated as income	(8,000)	-	(8,000)
Less: B/F surplus	(80)		(80)
Restated comprehensive income for the 2017/2018	1,093,887	-	1,093,887
Add: B/F surplus	80	-	80
Capital grants (buildings)	-	50,810,350	50,810,350
Transfer of depreciation to retained earnings	1,016,207	(1,016,207)	-
At start of year as restated	2,110,174	49,794,143	51,904,317
Total comprehensive income for the year	8,583,393	-	8,583,393
Transfer of depreciation/amortisation from capital fund to retained earnings			-
At end of year	11,689,450	48,798,260	60,487,710

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		12,170,000	3,233,653
Public contributions and donations			
Rendering of services- Fees from students		11,938,646	2,652,000
Other income, rentals and agency fees		2,118,228	8,500
Total Receipts		26,226,874	5,894,153
Payments			
Compensation of employees		6,464,728	1,152,760
Use of goods and services		3,980,005	533,120
Other payments		8,575,360	1,973,394
Grants and subsidies paid			
Total Payments		19,020,093	3,659,274
Net cash flows from operating activities		7,206,781	2,234,879
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18	(3,770,551)	(1,167,850)
Net cash flows used in investing activities		(3,770,551)	(1,167,850)
Cash flows from financing activities			
Increase in deposits		-	80
Net cash flows used in financing activities		-	80
Net increase/(decrease) in cash and cash equivalents		3,436,230	1,067,109
Cash and cash equivalents at 1 July 2018		1,067,109	
Cash and cash equivalents at 30 June 2019	14	4,503,339	1,067,109

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Differences in percentage	Variance Explanation
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Government grants and subsidies	20,340,000	0.00	20,340,000	12,170,000	-8,170,000	-40%	Q3&4 Not disbursed i
Rendering of services	18,674,000	(0.00)	18,674,000	16,820,235	-1,853,765	-10%	Fees arrears
Gains on disposal, rental income and agency fees	420,000	0.00	420,000	30,140	-389,860	-93%	
Total income	39,434,000	(0.00)	39,434,000	29,020,375	-10,413,625		
Expenses							
Compensation of employees	5,047,000	0.00	5,047,000	6,464,728	1,417,728	28%	
Goods and services	1,120,000	(0.00)	1,120,000	3,980,005	2,860,005	255%	
General expenses	33,267,000	0.00	33,267,000	8,575,360	-24,691,640	-74%	
Depreciation	-	-	-	1,416,389	1,416,389	100%	
Total expenditure	39,434,000	(0.00)	39,434,000	20,436,482	-18,997,518	-48%	
Surplus for the period	0.00	0.00	0.00	8,583,893	8,583,893		

Budget notes

1. The difference was because of the delay of disbursement of capitation of Kshs. 10,170,000.00.
2. The other difference was because of depreciation for the current year for which it was not provided for. (IPSAS 24.29)
3. The budget was prepared using cash basis of accounting basis i.e budget is cash basis yet statement of financial performance is accrual).

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sotik Technical Training Institute is established by and derives its authority and accountability from Technical and Vocational Education Training Act. Sotik Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. It'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, 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 judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

The financial statements have been prepared in accordance with the Public Finance Management 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. Early adoption of standards

Sotik Technical Training Institute is a newly established institution and therefore did not early-adopt any new or amended standards in year 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

The Sotik Technical Training Institute recognizes revenues from transfers from government through student capitation.

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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

ii) Revenue from exchange transactions

Rendering of services

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

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

b) Budget information

The original budget for FY 2018-2019 was approved by the Board of Governors on 22/06/2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Sotik Technical Training Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 3/02/2019 on the 2018-2019 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 with finite useful lives that are acquired separately are carried at cost less Accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

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

e) 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.

f) 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.

g) Employee benefits

Retirement benefit plans

The institution and its employees contribute to the National Social Security Fund (NSSF), a

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

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.

h) 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.

i) Cash and cash equivalents

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

j) Biological assets

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

k) Comparative figures

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

l) Subsequent events

There have been no subsequent events to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

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 Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

TRANSFERS FROM OTHER GOVERNMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Recurrent grants	500,000.00	3,233,653.00
Other grant-Capitation grants	10,170,000.00	-
	10,670,000.00	3,233,653.00
Conditional grants		
Other organizational grants-CDF Project	1,500,000.00	-
Total government grants and subsidies	12,170,000.00	3,233,653.00

6. RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	14,454,830	2,512,600
Activity fees	61,595	23,050
Registration and Examination fees	1,972,200	113,350
Industrial attachment fees	331,610	3,000
Total revenue from the rendering of services	16,820,235	2,652,000

7. OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Student council	14,800	-
Other income		500
Internet fee	14,840	
Total other income	29,640	500

8. USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Electricity and Water	1,207,955	64,470
Student IDs	202,800	4,000
Examination and registration	1,567,700	123,050
Subscriptions-KATTI & KUCCPS	-	109,000
Activity fee	1,001,550	232,600
Total good and services	3,980,005	533,120

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

9. EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	3,834,010	552,800
Travel, motor car, accommodation, subsistence and other allowances	2,233,158	599,960
Social contributions-NSSF	397,560	-
Employee costs	6,464,728	1,152,760

10. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	1,416,389	-
Total depreciation and amortization	1,416,389	-

11. REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Property	2,556,016	391,795
Total repairs and maintenance	2,556,016	391,795

12. GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertising	-	2,000
Admin fees	2,317,458	835,769
Internet	120,060	-
Postage	400	-
Printing and stationery	3,474,947	116,350
Bank charges	14,749	4,770
Skills development levies	-	317,710
Telecommunication	22,390	5,000
Training	-	300,000
Other-Student council	69,340	-
Total general expenses	6,019,344	1,581,599

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

13. CASH AND CASH EQUIVALENTS

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

Description	2018-2019	2017-2018
	KShs	KShs
Current account	4,451,801	897,373
Others(Cash)	51,538	169,736
Total cash and cash equivalents	4,503,339	1,067,109

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	2018-2019	2017-2018
		KShs	KShs
a) Current account			
Kenya Commercial bank-FEES A/C	1225821479	1,986,899	883,750
Kenya Commercial bank-RECURRENT A/C	1212348028	2,011,083	13,123
Kenya Commercial bank-CDF A/C	1234234645	453,319	0.00
Kenya Commercial bank-DEV'T A/C	1212348125	500	500
Sub- total		4,451,801	897,373
cash on hand		51,538	169,736
Sub- total		51,538	169,736
Grand total		4,503,339	1,067,109

14. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Sundry debtors	4,911,229	-
Total receivables	4,911,229	-

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

**SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019**

15. PROPERTY, PLANT AND EQUIPMENT

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

The Institution is built in a piece of land that was donated by the community and the board of governance is in the process of transferring the land to the institution's name before it is valued.

During the year, the institution received several equipment from the parent ministry whose value was not issued at the time of donation. The board of governance is in the process of contracting a professional valuer who will revalue all the assets of the institution. The cost of the donated equipment has not yet been established and therefore, its not included in the movement schedule below. A list of those assets has been provided under Appendix I.

Eco-Toilets funded by NG-CDF Sotik, it is about 85 percent complete therefore as at the end of the financial year 2018/2019, they were work in progress.

	Buildings and Structures	Motor vehicles	Computers and Accessories	Office Equipment & Furnitures	Other Assets (Transformer)	Plant and Equipment	Library Books	Work in progress	Capital	Total
Cost	Sbs	Sbs	Sbs	Sbs	Sbs	Sbs	Sbs	Sbs	Sbs	Sbs
At 1 July 2017										
Additions	50,810,350				1,167,850					51,978,200
Disposals										
Transfers adjustments										
At 30 th June 2018	50,810,350	-	-	-	1,167,850	-	-	-	-	51,978,200
Additions				1,722,000			1,001,500			3,770,551
Disposals										
Transfer adjustments										
At 30 th June 2019	50,810,350	-	-	1,722,000	1,167,850	-	1,001,500	1,047,051		55,748,751
Depreciation and impairment										
At 1 July 2017										
Depreciation										
Impairment										
At 30 June 2018										
Depreciation	2,032,414			215,250	233,570		100,150			2,581,384
Disposals										
Impairment										
Transfer adjustment										
At 30 th June 2019	2,032,414			215,250	233,570		100,150			2,581,384
Net book values										
At 30 th June 2019	48,777,936			1,506,750	934,280		901,350	1,047,051		53,167,367
At 30 th June 2018	50,810,350				1,167,850					51,978,200

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019 KShs	2017-2018 KShs
Trade payables	1,104,718	-
Payments received in advance	552,410	-
Total trade and other payables	1,657,128	-

17. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2018-2019 KShs	2017-2018 KShs
Cautious money	476,100	8,000
Total deposits	476,100	8,000

18. 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;

19. EVENTS AFTER THE REPORTING PERIOD

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

20. ULTIMATE AND HOLDING ENTITY

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

21. CURRENCY

The financial statements are presented in Kenya Shillings (K.shs).

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

APPENDIX I: ASSETS DONATED BY THE PARENT MINISTRY

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

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SOTIK TECHNICAL TRAINING INSTITUTE
 Annual Reports and Financial Statements
 For the year ended June 30, 2019

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 9 Units Eco-toilets	001	CDF-Sotik	6 Months	1,500,000	No	Yes

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 9 Units Eco-toilets	1,500,000	1,047,051	85%	1,500,000	1,500,000	CDF

SOTIK TECHNICAL TRAINING INSTITUTE
Annual Reports and Financial Statements
For the year ended June 30, 2019

APPENDIX III: INTER-ENTITY TRANSFERS

SOTIK TTI		Break down of Transfers from the State Department of Vocational and Technical Training		
FY 2018/19				
a. Recurrent Grants		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
MOE		8/10/2018	500,000.00	FY 2018/19
MOE		15/03/2019	10,170,000.00	FY 2018/19
		Total	10,670,000.00	

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

Finance Manager
Sotik Technical Training Institute

Head of Accounting Unit
Accounting Officer

Sign: _____

Sign: _____

Date: 18/09/2020

Date: 18/09/2020

