

REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

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OF KENYA  
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OF	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 6 MAR 2023	DAY: Thursday
TABLED BY:	Hon. Naomi Wigeo, MP
ON	Deputy Majority Whip
CLERK-AT-THE-TABLE:	A. Shabaka

**SANG'ALO INSTITUTE OF SCIENCE AND  
TECHNOLOGY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

**SANG`ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SIST	Sang'alo Institute of Science and Technology
TVET	Technical and Vocational Education and Training
Fiduciary Management	Key management personnel who have financial responsibility
HELB	Higher Education Loans Board
MOE	Ministry Of Education
NSSF	National Social Security Fund
NHIF	National Hospital Insurance Fund
PAYE	Pay As You Earn
KRA	Kenya Revenue Authority
NYS	National Youth Service
TSC	Teachers Service Commissioner
FY	Financial Year
PSC	Public Service Commission
CBET	Competency Based Education and Training
KASNEB	Kenya Accountants and Secretaries National Examination Board
NITA	National Industrial Training Authority.

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**2. Key Sang'alo Institute of Science and Technology Information and Management**

*Background information*

Sang'alo Institute of Science and Technology (SIST) is one of the Public Institutes of Technology in Kenya. The word Sang'alo originated from the name of a local hill, whose image has been incorporated in the design of the Institute's logo. The name "Sang'alo" is derived from the Bukusu local language of the word "Sangala" meaning to have happiness. Sang'alo Institute of Science and Technology is situated in Bungoma County, Bungoma South Sub-County and seven kilometres south East of Bungoma town on the Bungoma-Nambacha-Kakamega road.

The history of Sang'alo Institute of Science and Technology dates back to 1924 when the late Paramount chief of Bukusu, Mzee Sudi Namachanja, donated 610 acres of land to Dr. Cameron, a Scottish veterinarian to establish a centre for vaccination and treatment of livestock. In 1927, the farm developed into a livestock improvement centre for upgrading indigenous cattle to enhance milk and meat production. By virtue of its geographical location, this centre became a sub-station to a veterinary station in Maseno.

On the 10<sup>th</sup> of July 1976 the land was handed over to the then Bungoma County Council in the presence of Hon. Jeremiah Nyaga, the then Minister for Agriculture. Shortly after, on the 1<sup>st</sup> of April 1977, the Council gave the land to a Board of Trustees (BOT) who held the land in trust. The trustees were given the responsibility of establishing an Harambee Institute of Science and Technology. This task was achieved almost immediately and, in September 1977, the Institute admitted its first intake of twenty trainees to study general agriculture at certificate level.

Sang'alo Institute of Science and Technology became a Public Institution in 1993. Its governance was put under the Management of a Board of Governors appointed by the Minister for Education Science and Technology. This facilitated the posting of trainers by the Teacher's Service Commission (TSC).

The employment of staff at SIST is under the Public Service Commission and the Board of Governors. This is as per the Education Act (cap 211). The present staff establishment comprises of 90 PSC trainers, 106 BOG trainers and 54 BOG permanent non-training staff and 8 interns.

The Institute's major physical infrastructure is on the main campus, which lies on 555 acres of land, Registration No. East Bukusu/West Sang'alo/ 990. Here is found the administration block, classrooms, laboratories, trainees hostels, library, kitchen, staff houses and other facilities.

The Institute currently offers courses in CBET, Artisan, Certificate, Diploma and Higher National Diploma. There are 50 course programmes, with another 22 in the offering. The programmes are mainly examined by the KNEC, NITA and KASNEB. They have provisions for multi-entry and multi-exit for persons with different qualifications and needs. The programmes are full-time as well as part-time.

The trainee fraternity therefore comprise of direct school leavers and those already working in the formal and informal sector. Sang'alo Institute of Science and Technology is both a technical and vocational Training Institute. The present student population is at 5603. The distribution of male and female is 3128 and 2475, respectively.

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Principal Activities

The principal activity of Sang'alo Institute of Science and Technology is to provide training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

The mandate of Sang'alo Institute is as under;

- Implement the prescribed curriculum for technical training at artisan, technician and technologist level
- Promote, coordinate and popularize research at the institute
- Spearhead the application of research results in technological programs at the institute
- Monitor and evaluate technical education programmes at the institute
- Promote standards and quality assurance at the ministry
- Implement the MOE policy on TVET

**PHILOSOPHY:**

Technology and Innovation as a driving force for change in the real world of work.

**VISION:**

To be a Centre of excellence in Agriculture, Capacity Building, Research, Science and Technology.

**MISSION:**

To provide skills and quality training in Agriculture, Applied Research, Science and Technology for enhanced sustainable community and national development.

**MOTTO:**

Technology our Lifeline

**CORE VALUES**

- Integrity
- Equality and Diversity
- Team spirit
- Environmental Sustainability
- Innovation
- Professionalism

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**(a) Key Management**

Sang'alo Institute's day-to-day management is under the following key organs:

- The Board of Governors
- The Principal
- The Top Management

**Fiduciary Management**

The key management personnel who held office during the period ended 30<sup>TH</sup> JUNE 2023 and who had direct fiduciary responsibility were:

1	Principal	Dr.Rosebella Chukwu Ph.D.
2	D/Principal Academics	Mr. Dennis Ongoto
3	D/Principal Administration	Mr. Peter Simiyu
4	Registrar Academics	Mr. Samuel Mbeta
5	Dean of Students	Mr. Kollikho Frank
6	Finance Officer	Ms. Penina Ajili

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Key Sang'alo Institute of Science and Technology Information (Continued)

Fiduciary Oversight Arrangements

**(a) Audit and Risk and Compliance Committee Activities**

The Institute Board of Governors has established a committee of the board which provides oversight on the institute financial and other management matters. The Institute is also planning to establish an internal audit department that shall report to the Board Committee.

**(b) Parliamentary Committee Activities**

The principal of Sang'alo Institute of Science & Technology is accountable to the National Assembly for the Institutes financial management. The Constitution of Kenya, 2010; 135(3) subject to clause 4, requires that the accounts of all governments and state Organs be audited by the Auditor General. Upon audit, the Annual Reports and Financial Statements are usually submitted to the National Assembly to ascertain whether the finances of the Institute were prudently managed.

**(b) Sang'alo Institute of Science and Technology Headquarters**

**(a) Sang'alo Institute of Science and Technology Headquarters**

P.O. Box 158-50200  
Bungoma, KENYA

Telephone:  
(254735175295  
E-mail:  
sangaloist@yahoo.co  
m  
Website:  
www.sangaloist.ac.ke

**Bankers**

1. Kenya Commercial  
Bank Bungoma Branch  
P.O. Box 152-50200  
Bungoma, Kenya
  
2. Equity Bank of Kenya  
Bungoma Branch P.O  
Box 2450-50200  
Bungoma Kenya

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**Independent Auditors**




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

**(b) Principal Legal  
Adviser**




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

**3. The Council/Board of Governors**

**The Council / Board of Governors**




	<p><b>Name:</b> Prof. Edwin Ataro  <b>D.O.B:</b> 27<sup>th</sup> January, 1965  <b>Key Qualifications:</b> PhD – Electrical Engineering &amp; Computer Science, Registered Engineer – EBK B6348  <b>Work Experience:</b> Executive Dean, Faculty of Engineering, Associate Professor in Electrical Engineering – TU-K, ICT Director, HoD Electrical Engineering – Moi University-Eldoret,          Prof. Ataro is the Chairman of the Board of Governors.</p>
	<p><b>Name:</b> Martha Ndukuyu  <b>D.O.B:</b> 23<sup>rd</sup> December 1976  <b>Key Qualifications:</b>          Bachelor of Arts in Sociology and Kiswahili          Master of Arts in Diplomacy and Studies  <b>Work Experience:</b> Hansard Officer- The National Assembly - Parliament of Kenya, Development Finance Officer - Faulu Kenya          Mrs. Ndukuyu is a of the Education, Human Resource and Training Committee of the Board.</p>
	<p><b>Name:</b> Dr. John Oluoch .Ph.D.  <b>D.O.B:</b> 21.04.1974  <b>Key Qualifications:</b> PhD in Communication Studies, Masters in Communication Studies, Bachelor of Education – Arts  <b>Work experience:</b> Senior Lecturer – Communication &amp; Public Relations, Director – PSSP (Rongo University), Dean – School of Information, Communication &amp; Media Studies (Rongo University)          Dr. Oluoch is the Chairman of the Education, Human Resource and Training Committee of the Board</p>

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	<p><b>Name:</b> Mrs.LilianMulaku  <b>D.O.B:</b> 22.10.1984  <b>Key Qualifications:</b> Bachelor of Technology in Electrical &amp; Communication Engineering  <b>Work experience:</b> In-Charge Customer Service – KPLC (Mavoko County), Assistant Engineer (Large Power section), and International Energy Technik (TechnicalEngineer) KPLC.  <b>Chairperson of Audit Committee</b></p>
	<p><b>Name:</b> Godwin Wasike  <b>D.O.B:</b> 16.02.1979  <b>Key Qualifications:</b> A Bachelor of Science Degree Course in Civil Engineering  Professional Engineer, Engineers Board of Kenya (EBK)  Reg. No. A2446.  <b>Work experience:</b> VAST EXPERIENCE INSTRUCTURAL WORKS/BUILDINGS</p>
	<p><b>Name:</b> Dr. Cecilia Wanjala  <b>D.O.B:</b> 29/ 11 /1967  <b>Key Qualifications:</b> MBA – Strategic Planning, Bachelor’s Degree in Pharmacy, Monitoring &amp; Evaluation Course.  <b>Work experience:</b> Commercial Manager – KEMRI, Demand Analysis Officer and Customer Service – KEMSA, Retail Pharmacist – Bungoma, Branch Manager – Laborex Kenya Limited, Superintendent Pharmacist – Yatta Pharmacy</p>

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	<p><b>Name:</b> Mrs. Rispah Igobwa  <b>D.O.B:</b> <u>17/1/1981</u></p> <p><b>Key Qualifications:</b> MBF – Banking &amp; Finance, Bachelor of Commerce degree in Accounting &amp; Business Administration (Double major)</p> <p><b>Work experience:</b> Financial Content Marketing Strategist (takeoff), Business Development &amp; Portfolio Manager, Internal Auditor Banking operations (Sidian Bank &amp; Fusion Capital Ltd)</p> <p><b>Chairperson Finance Committee</b></p>
	<p><b>Name:</b> Mr. Cliffe Mulunda Khaoya  <b>D.O.B:</b> <u>1/1/1961</u></p> <p><b>Key Qualifications:</b> Bachelor of Arts, Economics and Government. Bachelor of Philosophy in Economics.</p> <p><b>Work experience:</b> Regional Manager – Industrial &amp; Commercial Development Corporation (ICDC). Planning Officer – Ministry of Planning and National Development</p>
	<p><b>Name:</b> Dr. Rosebella Chukwu Ph.D.  <b>D.O.B:</b> 11<sup>th</sup> November, 1966          Doctor of Philosophy in Disaster Management and Humanitarian Assistance from Masinde Muliro University of Science and Technology          MBA Degree from European Business School Cambridge-England.          Bachelor of Arts (BA) from Panjab University Chandigarh India.</p>

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**Council Committees**



NAME OF COMMITTEES	MEMBERS
Finance and development committee	1.Miss.Rispah Igobwa.-Chair 2.Dr.Cecilia wanjala-Member 3.Dr.Rosebella Chukwu-Principal 4.Mrs Ruth Busoga-Deputy Director 5.Ms penina Ajili-Finance officer 6.Mr.cliff mulunda-Member 7.Godwin Wasike-Member
Risk and Audit committee	1.Ms Lilian Mulaku-Chair 2.Dr.John Oluoch-Member 3.Mrs Martha ndukuyu-Member 4.Mr.Collins Wamalwa-Internal Auditor
Education ,Training &Human Resource Committee	1.Dr.John Oluoch-Chair 2.Mrs. Martha Ndukuyu-Member 3.Mr.cliff Khaoya Mulunda-Member 4.Mrs.Ruth Busoga-Deputy Director 5.Dr.Rosebella Chukwu-Principal

**4. Key Management Team**





No.	Designation	Name
1	Principal	<b>Mrs. Rosebella Chukwu Ph.D.</b>
2	D/Principal Academic	<b>Mr. Dennis Ongoto</b>
3	D/Principal Administration	<b>Mr. Peter Simiyu</b>
4	Registrar Academics	<b>Mr. Samuel Mbeta</b>
5	Dean of Students	<b>Mr.Kollikho Frank</b>
7	Finance Officer	<b>Miss.Penina Ajili</b>

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	<p>Dr. Rosebella Chukwu Principal</p>
	<p>Peter Simiyu-Deputy Principal - administration</p>

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	Dennis Ongoto – Deputy Principal (Academics)
	Samuel Mbeta - Registrar (Academics)
	Frank Kollikho - Dean of Students
	Penina ajili - Finance Officer

## **5 Chairman's Statement**

On behalf of the Sang'alo Institute of Science and Technology Board of Governors, I am pleased to present this *Annual Report and Financial Statements for the 2022/2023 financial year*. I am proud of the achievements that the harmony and cooperation within and between various teams at SIST has produced – especially the Board of Governors and the SIST Management team led by the Principal. We remain committed to all stakeholders in delivering our set objectives and goals as enshrined in the institution vision and mission as well as outlined in the 2018-2023 Strategic Plan.

### **Financial Performance**

It is evident that in the financial year ending 30th of June 2023, the Institute recorded a better financial performance compared to the previous years. This can be attributed to the Government capitation program, NYS sponsorship program, increase in student enrolment and above all prudent financial management.

### **Challenges**

It is the great desire of the SIST fraternity as well as the local community to see the institution grow to serve a much larger number of the youth. It is in our dreams and plans to have the institution approved as a national polytechnic that offers highest quality education and training to a much wider audience. We are however currently severely constrained by inadequate physical infrastructure (classrooms, workshops, equipment, etc.) as well sufficient PSC trainers. We would very much appreciate the intervention of the Government – both national and local, in assisting us to address these issues even as we strive to fix the challenges to the best of our ability.

### **Gratitude**

Last but not least, I extend my sincere gratitude to Sang'alo Institute of Science & Technology Board of Governors, our Principal and the entire Management team, staff members, students and all stakeholders for their commitment and support to the Institute. We greatly appreciate the role played by the Government of Kenya in the sustenance and growth of the institution. I am optimistic that SIST is set for a very prosperous future.

Thank you for your support.



Zipporah Njoroge  
PS Representative  
State Department of VTT

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**6 Report of the Chief/Senior Principal**

Dear stakeholders, firstly I would like to state that 2022/2023FY has been a year of relative success, challenging but fruitful.

The Sang'alo Institute of Science & Technology 2018 - 2023 Strategic Plan places the Institute at the apex of the factors crucial for learning and teaching in the 21st Century. During the financial year 2022/2023, the institute received 100 computers from GOK through JITUME project farm equipment's from GIZ hospitality Equipment's from Clean., purchased furniture's ,bought utility vehicle acquired a Master plan.

The management also started the construction of plumbing workshop which in on-going and the following policies were approved by the Board of Governors;

- Finance Management Policy
- Procurement and Asset Disposal Policy
- Human Resource Policy
- Risk Management Policy
- Conflict of Interest Policy
- Academic Policy
- Workplace Road Safety Policy

The major challenge faced in the Institution is limited infrastructure. The Ministry has set a target for every TVET Institution to have at least 10,000 students by the year 2024. Due to this limitation, it may be difficult for us to achieve this target. We therefore appeal to the government to intervene so that we may put up lecture halls Hostels and a workshop as had earlier requested .

While the achievements of the years past have put us in a position of strength, our effort in the coming days will be doubled so that we can meet our long term objective of being a globally recognized centre of excellence in Agriculture. We shall have to be innovative to stay afloat. To this end, we shall endeavour to become more visible by using generally accepted parameters of measure to place ourselves. For one, ISO certification will help us earn our place as a certified super brand. Our strategic plan is the key direction that remains our guiding blueprint and our emphasis based on the pillars therein. Our collective effort and actions will help us actualize this dream of the Institute serving society and the world. I wish to convey my gratitude to all staff and Sang'alo Institute of Science and Technology fraternity are lending form to our collective dream. Together we shall triumph.

Thank you

  
DR. Rosebella Chukwu Ph.D.  
Principal



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**7 Statement of Performance against Predetermined Objectives**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Sang'alo Institute of Science and Technology's performance against predetermined objectives.

Institute has 2 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2022- FY 2123. These strategic pillars are as follows:

1: Equitable access to quality education and training opportunities 2: Strengthening institutional governance

Sang'alo institute develops its annual work plans based on the above strategic pillar 1 ns 2 .Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2022/23period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Equitable access to quality education and training opportunities		To enhance equitable access to education and training opportunities	Increase students population	Progressively increase students enrolment in the training program	Training students with disabilities and diversification
Strengthening research innovation, collaboration and linkages for industrial growth		To promote research ,innovation ,collaboration and linkages of industrial growth	Participating in research and innovation TVET Fair activities	Organizing innovation week for technological exchange and transfer	Robotic innovation went up national level

**8 Corporate Governance Statement**

Sang'alo Institute of Science & Technology is governed by the Board of Governors. The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Institute.

The membership of the Board includes:

- (c) 6 independent Members appointed by the Cabinet Secretary in charge of Education
- (d) One (1) member representing the Governor
- (e) One (1) Member representing the Sponsor

**Existence of Board Charter**

Sang'alo institute of Science and Technology has a Board charter that defines the Board roles and Responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight functions.

**Appointment of Board Members**

- i. Every appointment is by name and by notice in the Kenya Gazette but ceases if the Boardmember:
  - a) Serves the appointing authority with a written notice of resignation; or
  - b) Is absent, without the permission of the Chairperson, in the three consecutive meetings; or
  - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
  - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
  - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.
- ii. Any removal of a Board member under (i) above, shall be through formal revocation.

**Number of board meetings held**

During the year under review board meeting held are as follows : full board meetings four normal meetings and two special meetings ,finance and development committee four normal meetings and two special meetings ,education training human Resource committee four normal meetings and two special meetings audit and risk committee held four normal meetings. All members attended the meetings.

**Ethics and Conduct**

The Board adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the Board's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. By exemplifying the ethical behaviours and corporate values described in the Code, the Board is expected to uphold Article 10 of the Constitution of Kenya, 2010 on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

**Conflict of Interest Policy & Disclosures**

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence

The performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest

#### **Board Remuneration**

Board members are remunerated for their services in accordance with State Corporations Act provisions and/or guidance from the State Corporations Advisory Committee. In line with best practice, the remuneration includes sitting allowances transport re-imbusement and per diem as stipulated on Mwongozo for all members on attendance of Board meetings.

#### **Board Induction**

When new Board members are appointed, the Institute organizes for induction in order to familiarize themselves with their responsibilities as Members of Board, general principles of corporate governance and Board practices. The induction programme provides the Board members with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

#### **Board Responsibilities**

The Board of Governors during the inauguration on 19<sup>th</sup> September 2020, was sensitized on their roles and responsibilities according to the TVET Act which were:

- a) Overseeing the conduct of education and of Science in the Institute in accordance with the provisions of TVET Act 2013 and any other written law.
- b) Promoting and maintaining standards, quality and relevance in education and of Science in the Institute in accordance with the TVET Act 2013 and any other written law.

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- c) Administering and managing the property of the Institute
- d) Developing and implementing the Institute's Strategic Plan – SIST Strategic Plan 2018 – 2023 was developed by the Board of Governors.
- e) Preparing annual estimates of revenue and expenditure for the Institute and incurring expenditure on behalf of the Institute
- f) Receiving, on behalf of the Institute, 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 TVET Act 2013
- h) Mobilizing resources for the Institute
- j) Regulating the admission and exclusion of students from the Institute, subject to a qualification framework and the provisions of TVET Act 2013
- k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry.
- l) Recruiting and appointing trainers from among qualified professionals and practicing tradespersons 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 Institute 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 of Science services and submit the same to the Board.
- p) Providing for the welfare of the students and staff of the Institute
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institute
- r) Discharging all other functions conferred upon it by TVET Act 2013 or any other written

**9 Management Discussion and Analysis**  
**The Institute operational and Financial Performance**

Generally, the Institute operated at a net deficit of .KShs. **(5,899,378)** during the financial year. This was majorly due to the factors below among others;

- Low students enrolment
- Non remittance of Quarter four Government capitation

**Compliance with Statutory Requirements**

By the end of the year, the Sang'alo had paid all its statutory requirements in terms of NSSF, NHIF, PAYE and all withholding taxes from contractors payable to KRA. The Institute has been withholding taxes on all payment made to contractors and remitting them to KRA. The Institute is operating under legal frameworks necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal Act, 2015
- IPSAS standards.
- All other relevant laws in its operation ( regular circulars from treasury and ministry of education)

**Major risks the Institute is facing;**

**Operational Risks**

The Institute faces competition for resources including; students, staff and financial resources.

The Institute's financial assets are trade receivables as well as cash and short term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables which are all current. The management has ensured timely payment to suppliers, contractors and other service providers, hence no historic debt.

The Institute has exposure to the following risks:

- i) Liquidity risks
- ii) Credit risks

The Board has overall responsibility for the establishment and oversight of the Institute's riskmanagement framework.

**Liquidity Risk**

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

**Credit Risk**

Credit risk is the risk of financial loss to the Institute if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Institute receives fees from students as well as capitation from the government which minimizes the credit risk exposure.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A

#### **The Sang'alo Institute of Science and Technology's operational and financial performance**

##### ***Recurrent Grants***

Sang'alo Institute of Science And Technology during the financial year 2022/2023 started on a sound note since the Government of Kenya has been able to remit Capitation up to third quarter though the capitation per student reduced from kshs.30,000 per student to kshs13,000 per student during this financial year.

##### ***Tuition Fees Collection***

The Institute has been able to realize deficit of KShs. **(5,839,080)** within the year under review.

##### ***Financial Performance***

In the Year under review the incomes were KShs. **202,617,944** while expenditure were KShs. **208,457,024** This resulted to a deficit of KShs**(5,839,080)**

##### ***Production Units***

Apart from training which is the key mandate of the Institute, SIST engages in Production Units namely:

- a) Farm
- b) Catering
- c) Bakery
- d) In-service Programme
- e) Town Campus

### SECTION B

#### **Sang'alo Institute of Science and Technology's compliance with statutory requirements**

In the year under review SIST complied with all the statutory obligations.

### SECTION C

#### **Key projects and investment decisions the Sang'alo Institute of Science and Technology is planning/implementing**

*The Institute had the following project:*

-Construction of plumbing workshop

The project is expected to promote practical learning and research in the Institute. This project is financed by appropriation in aid (A In A)

-purchase of utility vehicle

## SECTION D

### Major risks facing the Sang'alo Institute of Science and Technology

The Institute financial assets are trade receivables and cash and short term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables.

The Institute has exposure to the following risks:

- i) Market risks
- ii) Liquidity risks
- iii) Credit risks

The board has overall responsibility for the establishment and oversight of the Institute's risk management framework. The board through their regular meetings addresses risks associated with internal operations.

#### **Market risk management**      **Interest rate risk**

The Institute had interest bearing borrowing that was financed by cash generated from its operations. This borrowing facilitated the acquisition of the College van. There was no risk encountered during the Year under review.

#### **Liquidity risk**

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as and when they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation. Typically the Institute ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

#### **Credit risk**

Credit risk is the risk of financial loss to the Institute if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Management ensures that student debtors clear their fees arrears before their documents (Certificates) are released..

## SECTION E

### Material arrears in statutory/financial obligations

**SANG`ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Sang`alo Institute of Science & technology did not have any material arrears in statutory/financial obligations in the Year under review.

**SECTION F**

**The Sang`alo Institute of Science and Technology's financial probity and serious governance issues**

The Institute did not have any major financial improbity reported.

**10 Environmental and Sustainability Reporting Statement**

Sang`alo Institute of Science and Technology 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 highlight of strategies and activities that promote the organization's strategic objectives.

**Sustainability strategy and profile**

The institute have tree planting day which helps in environmental sustainability to curb climate changes.

**Environmental performance**

The institute have embarked on agro-forestation policies in order to help in maintaining forest and at the same time creating food security

**Employee welfare**

The institute has developed human resource policy and manual to give guidance on hiring staff

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**11 Report of the Council/Board of Governors**

The Board members submit their report together with the financial statements for the year ended June 30th, 2023 which show the state of Sang'alo Institute of Science and Technology's affairs.

**Principal activities**

The principal activities of the Sang'alo Institute of Science and Technology is to provide quality training ,research and innovation culture to middle level men manpower for sustainable development as per the TVET Act 2013.

**Results**

The results of the Sang'alo Institute of Science and Technology for the year ended June 30<sup>th</sup>, 2023 are set out on page 1-28

**Auditors**

The Auditor General is responsible for the statutory audit of Sang'alo Institute of Science and Technology in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of the Institution for the year ended June 30th, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
DR. Rosebella Chugwu Ph.D.  
B.O.G Secretary Bungoma



**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**12 Statement of Board of Governors/ Council's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and TVET Act, 2013 require the board members to prepare financial statements in respect of that Institution which give a true and fair view of the state of affairs of Sang'alo Institute of Science and Technology at the end of the financial year/period and the operating results of the Institution for that year/period. The board members are also required to ensure that Sang'alo Institute of Science and Technology keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The board members are also responsible for safeguarding the assets of Sang'alo Institute of Science and Technology.

The board members are responsible for the preparation and presentation of Sang'alo Institute of Science and Technology financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2023. 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 Sang'alo Institute of Science and Technology; (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 Institution; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for Sang'alo Institute of Science and Technology financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013

The board members are of the opinion that Sang'alo Institute of Science and Technology financial statements give a true and fair view of the state of the Institution's transactions during the financial year ended June 30th, 2023, and of the Institution's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institution, which have been relied upon in the preparation of the Institution's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that Sang'alo Institute of Science & Technology will not remain a going concern for at least the next twelve months from the date of this statement.

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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Approval of the financial statements

Sang'alo Institute of Science & Technology's financial statements were approved by the Ad hoc committee on 15th September, 2023 and signed on its behalf by:

Name: Zipporah Njoroge

Name: Dr. Rosebella Chukwu PhD

Signature.....

Signature.....

PS Representative  
State department of VTT

Accounting Officer/Principal



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2023

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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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

The accompanying financial statements of Sang'alo Institute of Science and Technology set out on pages 1 to 36, which comprise the statement of financial position as at

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*Report of the Auditor-General on Sang'alo Institute of Science and Technology for the year ended 30 June, 2023*

30 June, 2023 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, have been audited on my behalf by Injete Imbuye & Associates, auditors appointed under Section 23 of the Public Audit Act, 2015 and in accordance with the provisions of Article 229 of the Constitution of Kenya. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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 Sang'alo Institute of Science and Technology as at 30 June, 2023 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. Long Outstanding Receivables**

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.92,365,900 as disclosed in Note 18 to the financial statements. However, receivables amounting to Kshs.22,332,68 or 24% of total debts have been outstanding for over two (2) years and no evidence of Management's effort to recover the long outstanding debts was provided for audit review.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.92,365,900 could not be confirmed.

#### **2. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.886,004,367 as disclosed in Note 20 to the financial statements. However, updated non-current assets register was not provided for audit review.

In the circumstances, the accuracy and completeness of plant property and equipment balance of Kshs.886,004,367 could not be confirmed.

#### **3. Failure to Disclose Biological Assets**

The statement of financial position reflects total non-current assets balance of Kshs.890,758,359. However, undetermined value of biological assets was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of total non-current assets balance of Kshs.890,758,359 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.274,521,780 and Kshs.202,617,944 respectively, resulting to under-funding of Kshs.71,903,836 or 26% of the budget. Similarly, the Institute expended a total of Kshs.171,826,729 against an approved budget of Kshs.274,521,780 resulting to an under-expenditure of Kshs.102,695,051 or 37% of the budget.

In the circumstances, the under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

In the report for the previous year, issues were raised under Report on the Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had not resolved the issues or given explanation for the delay in resolving the issues.

### **Other Information**

The Board of Governors is responsible for the other information set out on page iii to xxvii which comprise of Key Entity Information and Management, the Council/Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council/Board of Governors, Statement of Council/Board of Governors Responsibilities and Statement of Performance Against

Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the 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 Law on Staff Ethnic Diversity**

Review of payroll records revealed that, as at 30 June, 2023, Sang'alo Institute of Science and Technology had a total of two hundred and sixty-two (262) employees. However, 84% were from the dominant community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

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

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

## **Conclusion**

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

## **Basis for Conclusion**

### **1. Weaknesses in Information Communication Technology (ICT) Internal Controls**

Review of the Institute's Information Communication Technology (ICT) control environment revealed that the Institute did not have an ICT strategy committee and ICT steering committee. In addition, policies in respect of physical access to ICT environment were not in place. Further, the Institute did not have disaster management and recovery policies in place, including fire suppression systems, business continuity plan and ICT continuity plan, including an off-site back-up plan.

In the circumstances, the effectiveness of internal controls on Institute's ICT environment could not be confirmed.

### **2. Failure to Evaluate Board's Performance**

The statement of financial performance and Note 13 to the financial statements reflect Board expenses amounting to Kshs.8,650,667. However, there was no evidence provided for audit review to show that the Board carried out an annual evaluation of its performance at the end of the period.

In the circumstances, the performance of the Board and effectiveness of the Institute's governance could not be confirmed.

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

## **Responsibilities of the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention terminate the Institute or 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 comply 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**16 January, 2025**


**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**14 .Statement of Financial Performance for the Year Ended 30 June 2023**


	Notes	2022-2023FY	2021-2022FY
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	5	<b>45,177,000</b>	74,797,500
Grants from donors and development partners	6	2,650,000	5,337,000
		<b>47,827,000</b>	<b>80,134,500</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	114,989,458	121,669,063
Sale of goods	8	13,019,246	5,591,021
Rental revenue from facilities and equipment	9	2,995,360	2,035,620
Miscellaneous income	10	23,786,880	27,693,185
<b>Revenue from Exchange transactions</b>		<b>154,790,944</b>	<b>156,988,889</b>
<b>Total Revenue</b>		<b>202,617,944</b>	<b>237,123,389</b>
<b>Expenses</b>			
Use of goods and services	11	103,737,146	158,001,476
Employee costs	12	46,024,751	35,885,878
Board /Council Expenses	13	8,650,667	3,920,570
Depreciation and amortization expense	14	36,630,295	30,168,541
Repairs and maintenance	15	9,264,665	21,356,131
Contracted services	16	4,149,500	3,027,706
<b>Total Expenses</b>		<b>208,457,024</b>	<b>252,360,302</b>
<b>Net surplus/(deficit) for the year</b>		<b>(5,839,080)</b>	<b>(15,236,913)</b>

(The notes set out on pages 1 to 39 form an integral part of the Annual Financial Statements)

The Financial Statements set out on pages 1 to 6 were signed by:

  
 PS Representative  
 State department of VTT

Date 13/Jan/2025

  
 Finance Officer  
 ICPAK No.24379

Date 10/01/2025

  
 Principal  


Date

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**15 . Statement of Financial Position as At 30th June 2023**

Description	Notes	2022-2023 FY	2021-2022 FY
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	8,470,893	50,076,065
Current portion of receivables from exchange transactions	18	92,365,900	56,739,160
Inventories	19	2,321,232	1,167,446
<b>Total Current Assets</b>		<b>103,158,025</b>	<b>107,982,671</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	20	886,004,367	877,709,551
Intangible assets	21	4,753,992	5,282,213
<b>Total Non-Current Assets</b>		<b>890,758,359</b>	<b>882,991,764</b>
<b>Total Assets</b>		<b>993,916,384</b>	<b>990,974,435</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	22	27,448,378	20,850,107
Refundable deposit (Caution money)	23	5,763,640	3,100,940
Employee benefit obligation	24	6,631,570	7,313,884
Payment received in advance	25	11,867,875	38,979,087
<b>Total Current Liabilities</b>		<b>51,711,463</b>	<b>70,244,018</b>
<b>Non-Current Liabilities</b>			
<b>Total Liabilities</b>		<b>51,711,463</b>	<b>70,244,018</b>
<b>Net Assets</b>			
Revaluation Reserves		930,768,984	930,768,984
Accumulated Surplus		(17,084,205)	(11,245,125)
Capital Fund		28,520,142	1,206,558
<b>Total capital and Reserves</b>		<b>942,204,921</b>	<b>920,730,417</b>
<b>Total Net Assets and Liabilities</b>		<b>993,916,384</b>	<b>990,974,435</b>

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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The Financial Statements set out on pages 1 to 6 were signed by:



PS Representative  
State department of VTT

Date



Finance Officer

ICPAK No.24379

Date 15/01/2025

  
Principal

Date



**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**16 Statement of changes in net asset for the year ended 30<sup>th</sup> June 203**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated Fund</b>	<b>Capital Grants/Fund</b>	<b>Total</b>
<b>At July 1, 2021</b>	<b>930,768,984</b>	<b>3,991,788</b>	<b>5,038,588</b>	<b>939,799,360</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(15,236,913)	-	(15,236,913)
Capital grants received during the year	-	-	(3,632,030)	(3,632,030)
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2022</b>	<b>930,768,984</b>	<b>(11,245,125)</b>	<b>1,206,558</b>	<b>920,730,417</b>
<b>At July 1, 2022</b>	<b>930,768,984</b>	<b>(11,245,125)</b>	<b>1,206,558</b>	<b>920,730,417</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(5,839,080)	-	(5,839,080)
Donation from Jitume()	-	-	12,000,000	12,000,000
Donation from GIZ	-	-	15,313,584	15,313,584
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2023</b>	<b>930,768,984</b>	<b>(17,084,205)</b>	<b>28,520,142</b>	<b>942,204,921</b>

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**17 .Statement of Cash Flows For The Year Ended 30 June 2023**

Description	Note	2022-2023 FY	2021-2022 FY
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	45,177,000	74,797,500
Grants from donors and development partners	7	2,650,000	5,337,000
Rendering of services- fees from students	8	114,989,458	121,669,063
Sale of goods	9	13,019,246	5,591,021
Rental revenue from facilities and equipment	10	2,995,360	2,035,620
Miscellaneous income	11	23,786,880	27,693,185
<b>Total Receipts</b>		<b>202,617,944</b>	<b>237,123,389</b>
<b>Payments</b>			
Use of goods and services	12	103,737,146	158,001,476
Employee costs	13	46,024,751	35,885,878
Board /Council Expenses	14	8,650,667	3,920,570
Repairs and maintenance	15	9,264,665	21,356,131
Contracted services(security)	16	4,149,500	3,027,706
		<b>171,826,729</b>	<b>222,191,761</b>
<b>Total Payments</b>			
<b>Net Cash Flows from operating activities</b>		<b>30,791,215</b>	<b>14,931,628</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(17,082,831)	(36,761,743)
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>(17,082,831)</b>	<b>(36,761,743)</b>
<b>Changes in working capital</b>			
Increase in receivables		(35,626,740)	-
Decrease in payables		(6,598,271)	(9,195,227)
Increase in refundable deposits		2,662,700	(9,195,227)
Increase in inventories		(1,153,786)	-
Increase in non-current liability		(682,314)	-
Decrease in student prepayments		(13,915,145)	-
<b>Net changes in working capital</b>		<b>(55,313,556)</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(41,605,172)</b>	<b>(31,025,342)</b>
Cash and Cash equivalents at 1 JULY2022	17	50,076,065	81,101,407
<b>Cash and Cash equivalents at 30 JUNE</b>	17	<b>8,470,893</b>	<b>50,076,065</b>

**18 .Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization on Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Transfers from other National Government entities	135,000,000	(39,000,000)	96,000,000	45,177,000	50,823,000	47%
Donations(GIZ)	-	5,000,000	5,000,000	2,650,000	2,350,000	53%
Rendering of services- fees from students	134,117,500	(12,747,500)	121,370,000	114,989,558	6,380,442	94%
Sale of goods	16,172,000	(30,220)	16,141,780	13,019,246	3,122,534	80%
Rental revenue from facilities and equipment	5,754,000	(604,000)	5,150,000	2,995,360	2,154,640	56%
Miscellaneous Income	17,565,500	13,294,500	30,860,000	23,786,880	7,073,120	79%
<b>Total Income</b>	<b>308,609,000</b>	<b>(34,087,220)</b>	<b>274,521,780</b>	<b>202,617,944</b>	<b>71,903,736</b>	<b>73%</b>
<b>Expenses</b>						
Use of goods and services	217,959,000	(15,530,220)	202,428,780	103,737,146	98,691,634	52%
Employee costs	68,650,000	(21,650,000)	47,000,000	46,024,751	975,249	99%
Board /Council Expenses	5,000,000	3,225,000	8,225,000	8,650,667	(425,667)	105%
Repairs and maintenance	12,500,000	0	12,500,000	9,264,665	3,235,335	67%
Contracted services	4,500,000	(132,000)	4,368,000	4,149,500	218,500	94%
<b>Total Expenditure</b>	<b>308,609,000</b>	<b>(34,087,220)</b>	<b>274,521,780</b>	<b>171,826,729</b>	<b>102,695,051</b>	<b>63%</b>
<b>Surplus For the Period</b>	<b>00</b>		<b>00</b>	<b>30,791,215</b>	<b>(30,791,215)</b>	<b>0%</b>
<b>Capital Expenditure</b>	<b>00</b>	<b>34,087,220</b>	<b>34,087,220</b>	<b>17,082,831</b>	<b>17,004,389</b>	<b>50%</b>

**EXPLANATORY NOTES ON MATERIAL VARIANCE**

1. The institute did not attain 100% Capitation, because the government through national treasury did not remit fourth quarter capitation and also the students allocation reduced from 30,000 per student to 13,000.in the FY2022/2023
2. Rendering of services which includes fees from student was not attained 100% because HELB remittance was low thus by the closure of financial year more students had not received HELB.
3. Use of goods and services was also not attained 100% due to delays in procurement procedures and poor fee collections
4. Remuneration of directors increased due to implementation of salary and remuneration due to special board and extra meetings during the year
5. Depreciation is a non –cash item and therefore not in the statement of comparison of budget and actual amounts

**RECONCILIATION BETWEEN FINANCIAL PERFORMANCE AND STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT**

Financial performance balance	(5,839,080)
Add back depreciation and amortisation	36,630,295
<b>TOTAL</b>	<b>30,791,215</b>
Statement of comparison of budget and actual amount balance	<b>30,791,215</b>

## 19 .Notes to the Financial Statements

### 1. General Information

Sang'alo institute of Science and Technology is established by and derives its authority and accountability from TVET Act 2013. The Sang'alo Institute of Science and Technology is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of Sang'alo Institute of Science and Technology continues to be provision of skills to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft, certificate and diploma levels

#### 1. 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 *entity'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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling.

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

### 2. Adoption of New and Revised Standards

#### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Sang'alo Institute of Science and Technology's future cash flows.</p> <p>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> </ul>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <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 Sang'alo Institute of Science and Technology's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42: Social Benefits</b>	<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 Sang'alo Institute of Science and Technology 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 Sang'alo Institute of Science and Technology.</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 Sang'alo Institute of Science and Technology's financial performance, financial position and cash flows.</p> <p><i>In this financial year the institute did not receive any revenue for the purpose of social benefit and neither did it incur any expenditure to that effect</i></p>

**ii. Early adoption of standards**

Sang'alo Institute of Science and Technology did not early-adopt any new or amended standards in year 2023

**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 Sang'alo Institute of Science and Technology and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Sang'alo Institute of Science and Technology 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.

### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Sang'alo Institute of Science and Technology.

### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

## **b) Budget information**

The original budget for FY 2023/2024 was approved by the Council or Board on **16<sup>th</sup> September 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. 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 **4** of these financial statements.

## **c) Taxes**

### ***Current income tax***

The entity is exempt from paying taxes.

### ***Sales tax/ Value Added Tax***

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Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

**Summary of Significant Accounting Policies (Continued)**

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* (Sang`alo Institute of Science and Technology to amend appropriately). Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Sang`alo Institute of Science and Technology 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 RATES**

<b>ASSET</b>	<b>DEPRECIATION</b>
<b>Building</b>	<b>2%</b>
<b>Motor vehicle</b>	<b>25%</b>
<b>Furniture and fitting</b>	<b>12.5%</b>
<b>Computers</b>	<b>25%</b>
<b>Library books</b>	<b>20%</b>
<b>Plants &amp; equipment</b>	<b>12.5%</b>

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Sang'alo Institute of Science and Technology. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Sang'alo Institute of Science and Technology also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Sang'alo Institute of Science and Technology will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Sang'alo Institute of Science and Technology. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

## Notes to the Financial Statements (Continued)

### Summary of Significant Accounting Policies (Continued)

#### g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

#### h) Research and development costs

The Sang'alo Institute of Science and Technology expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Sang'alo Institute of Science and Technology 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) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Sang'alo Institute of Science and Technology does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Sang'alo Institute of Science and Technology and a financial liability or equity instrument of another Sang'alo Institute of Science and Technology. At initial recognition, the Sang'alo Institute of Science and Technology measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

**Summary of Significant Accounting Policies (Continued)**

***Financial assets***

***Classification***

The Sang'alo Institute of Science and Technology classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Sang'alo Institute of Science and Technology's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Sang'alo Institute of Science and Technology has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Sang'alo Institute of Science and Technology classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

**Summary of Significant Accounting Policies (Continued)**

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the Sang'alo Institute of Science and Technology manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The Sang'alo Institute of Science and Technology assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Sang'alo Institute of Science and Technology did not recognize a loss allowance for such losses at each reporting date.

***Financial liabilities***

***Classification***

The Sang'alo Institute of Science and Technology classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) 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.

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

**Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

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 *Sang`alo Institute of Science and Technology*.

**k) Provisions**

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

**Contingent liabilities**

The *Sang`alo Institute of Science and Technology* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The Sang`alo Institute does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Sang`alo Institute of Science and Technology* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Sang`alo Institute of Science and Technology recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit

payments) that the Sang`alo Institute of Science and Technology will incur in fulfilling the present obligations represented by the liability.

## **Notes to the Financial Statements (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

#### **m) Nature and purpose of reserves**

The *Sang`alo Institute of Science and Technology* creates and maintains reserves in terms of specific requirements. (*Sang`alo Institute of Science and Technology to state the reserves maintained and appropriate policies adopted*).

#### **n) Changes in accounting policies and estimates**

The *Sang`alo Institute of Science and Technology* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

#### **o) Employee benefits**

##### **Retirement benefit plans**

The *institute* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Sang`alo Institute of Science and Technology pays fixed contributions into a separate Sang`alo Institute of Science and Technology (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.)

#### **p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

#### **q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

The Sang`alo institute of science and technology regards a related party as a person or an Sang`alo Institute of Science and Technology with the ability to exert control individually or jointly, or to exercise significant influence over the Sang`alo Institute of Science and Technology, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

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

**Summary of Significant Accounting Policies (Continued)**

**s) Service concession arrangements**

The *Sang`alo Institute of Science and Technology* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Sang`alo Institute of Science and Technology* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Sang`alo Institute of Science and Technology* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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

**u) Comparative figures**

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

**v) 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, 2023

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

**Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the *Sang'alo Institute of Science and Technology'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.

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Sang'alo Institute of Science and Technology based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sang'alo Institute of Science and Technology. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**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 *Sang'alo Institute of Science and Technology*.
- 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

**Provisions**

The institute is yet to developed a policy for provision

Notes to the Financial Statements (Continued)

5. Transfers from other National entities

Description	2022-2023	2021-2022
	KShs	KShs
Operation grants(capitation)		
Quarter 1	15,225,000	25,980,000
Quarter 2	14,976,000	25,980,000
Quarter 3	14,976,000	22,837,500
<b>TOTAL</b>	<b>45,177,000</b>	<b>74,797,500</b>

6. Grants from Donors and Development Partners

Description	2022-2023	2021-2022
	KShs	KShs
Other donations(GIZ)	2,650,000	5,337,000
<b>Total donations and sponsorships</b>	<b>2,650,000</b>	<b>5,337,000</b>

7. Rendering of Services

Description	2022-2023 FY	2021-2022FY
	KShs	KShs
Tuition Fees	32,800,748	40,362,646
Activity Fees	10,321,195	11,232,020
Repair Maintenance and improvement	6,738,300	6,636,460
Local transport and travel	10,192,405	10,101,795
Medical fee	4,260,355	4,154,555
Personal emolument	39,580,680	38,308,822
Electricity water and conservancy	10,385,955	10,308,822
Registration fee	709,820	316,730
Motor vehicle fee	0	10,200
<b>Total Revenue from The Rendering of Services</b>	<b>114,989,458</b>	<b>121,669,063</b>

This are revenues that are charged to students on the fee structure mostly exchange transactions

8. Sale of Goods

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Catering income	7,574,775	2,501,145
Sale of farm produce	4,234,186	1,546,566
Bakery sales	1,210,285	1,543,310
<b>Total Revenue from Sale of Goods</b>	<b>13,019,246</b>	<b>5,591,021</b>

**9. Rental revenue from facilities and equipment**

Description	2022-2023FY	2021-2022 FY
	Kshs	Kshs
Boarding fee	2,262,190	1,952,120
Bus hire	217,000	0
Rental income	516,170	83,500
<b>Total</b>	<b>2,995,360</b>	<b>2,035,620</b>

**10. Miscellaneous Income**

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Library fee	91,000	56,500
Contingencies fee	453,400	284,200
Attachment fee	3,140,500	3,565,000
Centre fee	186,650	0
Development fee	7,437,420	7,248,000
Tender income	4,850	0
Research and innovation fee	348,000	355,200
Food and beverage practical fee	1,600	45,310
Fee arrears recovered	1,088,055	
Photos income	77,100	
Student fines	26,000	4,250
Ict fee	25,000	
Graduation fee	2000	742,000
Student council fee	4,658,950	1,735,700
Student insurance fee	1,728,450	1,702,650
Student council membership	648,000	
Students id	1,081,300	1,166,630
Nys stationery fee	1,605,500	507,200
Applied science practical fee	13,055	12,000
Driving school fee	613,100	156,000
Town campus income	556,950	10,112,745
<b>Total other income</b>	<b>23,786,880</b>	<b>27,693,185</b>

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Notes to the Financial Statements (Continued)

11. Use of Goods and Services

Description	2022-2023FY	2021-2022FY
	KShs	KShs
Activity Expense	8,952,229	6,121,524
Administration Expenses	4,877,413	0
Advertisement Expense	1,565,300	3,109,494
Attachment Expense	3,854,524	3,821,720
Bakery Expense	1,883,399	1,463,401
Bank charges	122,530	141,465
Boarding Expense	7,114,854	7,871,871
Capacity Building	558,713	793,650
ATUPA registration expenses	427,691	360,148
Driving school expense	64,000	0
Farm Expense	5,516,544	6,077,936
Electricity ,water &conservancy Exp	2,566,608	2,846,109
Graduation expenses	0	1,959,856
GIZ	2,650,000	5,337,500
ICT Expense	3,421,525	4,061,022
Insurance Cover Expenses	1,530,178	931,973
Katti Registration Expense	831,281	380,000
Kitchen Expense	11,828	1,974,130
Local transport & travel Expense	14,395,179	18,230,204
Library expenses	114,590	0
Medical Expense	375,256	1,018,526
Mater plan expenses	1,320,025	0
Performance Contract & ISO Expense	3,534,355	2,939,890
Seminars and conferences Expense	41,600	664,372
Research And Tvet Fair Expense	1,058,000	2,737,936
Student Council Expense	1,371,107	2,218,310
Town Campus Expense	1,810,427	12,530,700
Service gratuity/pension	2,531,088	1,119,147
M.I.S expense	126,402	0
In service expense	211,550	0
Tuition/Ses Expense(training )	30,356,420	68,235,821
Welfare Expense	542,530	695,219
<b>Total General Expenses</b>	<b>103,737,146</b>	<b>158,001,476</b>

**Notes To the Financial Statements (Continued)**

**12. Employee Costs**

Description	2022-2023 FY	2021-2022 FY
	KShs	KShs
Salaries and wages	34,665,508	28,300,515
House allowance	2,612,213	2,060,208
Commuter allowance	4,806,226	4,170,916
Medical allowance	365,968	260,425
Risk allowance	101,280	96,000
Leave allowance	121,333	111,000
Old mutual	878,592	646,894
NSSF	2,473,631	239,920
<b>Employee Costs</b>	<b>46,024,751</b>	<b>35,885,878</b>

**13. Board/Council Expenses**

Description	2022-2023FY	2021-2022FY
	KShs	KShs
Chairman's Honoraria	100,000	0
Directors Emoluments	8,550,667	3,920,570
<b>Total</b>	<b>8,650,667</b>	<b>3,920,570</b>

**14. Depreciation and Amortization expense**

Description	2022-2023FY	2021-2022 FY
	KShs	KShs
Property, plant and equipment	36,102,074	28,822,099
Intangible assets	528,221	1,346,442
<b>Total depreciation and amortization</b>	<b>36,630,295</b>	<b>30,168,541</b>

**15. Repairs and Maintenance**

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Renovations and general repair	7,358,664	20,070,255
Motor Vehicles repair	1,906,001	1,285,876
<b>Total Repairs and Maintenance</b>	<b>9,264,665</b>	<b>21,356,131</b>

**16. Contracted Services**

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Security cost	4,149,500	3,027,706
<b>Total</b>	<b>4,149,500</b>	<b>3,027,706</b>

**17. (a) Cash and Cash Equivalents**

Description	2022-2023FY	2021-2022FY
	KShs	KShs
Current account	8,470,893	50,076,065
Others(Cash in Hand)		0
<b>Total cash and cash equivalents</b>	<b>8,470,893</b>	<b>50,076,065</b>

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

		2022-2023FY	2021-2022FY
Financial institution	Account number	KShs	
<b>Current account</b>			
Kenya Commercial bank-Mohest	1111084513	5,030,101	9,382,033
Kenya Commercial bank-Exam	1125986816	61,660	5,568,242
Kenya Commercial bank-Main	1102026212	2,947,830	17,086,217
Kenya Commercial bank-Farm	1225047668	277,200	2,006,707
Kenya Commercial bank-GIZ/payment	1173149635	52	1,400
ABSA(Town campus)	2034181236	-	12,335,900
Family Bank	077000015182	-	1,686,340
Equity Bank(HELB)	0480275065202	154,050	2,009,226
<b>Sub- total</b>			<b>50,076,065</b>
<b>Grand total</b>		<b>8,470,893</b>	<b>50,076,065</b>

Notes to the Financial Statements (Continued)

18. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	92,355,900	56,645,360
Staff Debtors	10,000	93,800
<b>Total Current Receivables</b>	<b>92,365,900</b>	<b>56,739,160</b>

(b) Ageing Analysis of Receivables from Exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	45,710,540	49%	35,763,573	63%
Between 1- 2 years	24,322,680	27%	12,881,786	23%
Between 2-3 years	12,640,500	14%	5,673,293	10%
Over 3 years	9,692,180	10%	2,420,508	4%
<b>Total (a+b)</b>	<b>92,365,900</b>	<b>100%</b>	<b>56,739,160</b>	<b>100%</b>

19. Inventories

Description	2022-2023 FY	2021-2022FY
	KShs	KShs
Building Equipment & Consumable stores	1,754,802	884,581
Health Unit stores	105,600	133060
Catering stores	336,830	149,805
Farm stores	124,000	0
<b>Total Inventories</b>	<b>2,321,232</b>	<b>1,167,446</b>

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
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Notes to the Financial Statements (Continued)

**20. Property, Plant and Equipment**

Cost	Land	Buildings 2%	Motor vehicles 25%	Furniture and 12.5% fitti ngs	Computers 25%	Library books20%	Plant and Equipment1 12.5%	Capital Work in progress2%	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	kshs	Kshs	Kshs	Kshs
At 1 July 2022 ( <i>previous year</i> )	334,000,000	551,945,666	22,780,857	8,445,892	11,709,310	3,722,050	51,109,000	0	983,712,775
Additions	0	0	17,153,759	747,445	12,000,000	0	6,959,824	7,535,387	44,396,415
Disposals									
Transfers/Adjustments									
At 30 <sup>th</sup> June 2023 ( <i>current year</i> )	334,000,000	551,945,666	39,934,616	9,193,337	23,709,310	3,722,050	58,068,824	7,535,387	1,028,109,190
<b>Depreciation And Impairment</b>									
At 1 Jun 2022 ( <i>previous year</i> )	-	(41,862,293)	(18,283,214)	(3,930,537)	(13,746,165)	(2,977,165)	(25,203,375)	0	(106,002,749)
Depreciation for the period	-	(11,038,913)	(9,983,654)	(1,149,167)	(5,927,327)	(744,410)	(7,258,603)	0	(36,102,074)
At 30 Jun 2023 ( <i>previous year</i> )		(52,901,206)	(28,266,868)	(5,079,704)	(19,673,492)	(3,721,575)	(32,461,978)		(142,104,823)
<b>Net Book Values</b>									
At 30 <sup>th</sup> Jun 2022 ( <i>previous year</i> )	334,000,000	510,083,373	4,497,643	4,515,355	(2,036,855)	744,885	25,905,625	0	877,710,026
At 30 <sup>th</sup> Jun 2023 ( <i>current year</i> )	334,000,000	499,044,460	11,667,748	4,113,633	4,035,818	475	25,606,846	7,535,387	886,004,367

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ITEM	RATES
<b>Buildings</b>	<b>2%</b>
<b>Motor vehicles</b>	<b>25%</b>
<b>Furniture and fittings</b>	<b>12.5%</b>
<b>Computers</b>	<b>25%</b>
<b>Library books</b>	<b>20%</b>
<b>Plant and Equipment</b>	<b>12.5%</b>
<b>Capital Work in progress</b>	<b>2%</b>

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Work in progress

<b>ITEM</b>	<b>ASSET</b>	<b>AMOUNT</b>
<b>Building</b>	Plumbing workshop	7,535,387
	<b>Total</b>	<b>7,535,387</b>
	<b>Additional Assets</b>	
<b>Motor Vehicle</b>	Utility car	8,799,999
	Tractor jx904WDr	3,400,000
	Combine harvest	4,953,760
	<b>Total</b>	<b>17,153,759</b>
<b>Plants And Machinery</b>	mulcher	444,600
	Rotary cultivator	362,000
	Chisel plougher with roller	1,062,500
	Disc harrow	625,345
	planter	1,269,450
	Fertilizer spreader	1,345,057
	Chisel plougher	933,027
	trailer	917,845
	<b>Total</b>	<b>6,959,824</b>
<b>Furniture and fittings</b>	furniture	747,445
	<b>Total</b>	<b>747,445</b>
<b>Computers</b>	computers	12,000,000
	<b>Total</b>	<b>12,000,000</b>

Notes to the Financial Statements (Continued)

21. Intangible Assets

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	5,282,213	6,628,655
Additions	-	-
<b>At end of the year</b>	5,282,213	6,628,655
Additions—internal development	-	-
<b>At end of the year</b>	5,282,213	6,628,655
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	1,346,422	-
Amortization	528,221	1,346,442
<b>At end of the year</b>	1,874,643	1,346,422
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	<b>4,753,992</b>	<b>5,282,213</b>

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

**22. Trade and Other Payables**

Description	2022-2023 FY		2021-2022 FY	
	Kshs		Kshs	
Trade payables	1,9713,877		4,748,052	
Caution money	-		3,100,940	
Examination fee	1,786,979		14,653,445	
bursary	1,258,032		296,032	
Helb	3,858,740		648,000	
Retention on plumbing workshop	830,750		-	
<b>Total Trade and Other Payables</b>	<b>27,448,378</b>		<b>23,951,047</b>	
<b>Ageing analysis: Trade creditors</b>	<b>2022-2023FY</b>	<b>% of the Total</b>	<b>2021-2022 FY</b>	<b>% of the Total</b>
		%		xxx
30days	994,736	15%	2,374,026	50%
30-60days	862,104	13%	1,365,570	29%
Over 90 days	4,774,730	72%	1,008,456	21%
<b>Total (to tie to totals above)</b>	<b>6,631,570</b>	<b>100%</b>	<b>4,748,052</b>	<b>100%</b>

**23. Refundable Deposits from Caution money**

Description	2022-2023 FY		2021-2022 FY	
	Kshs		Kshs	
Caution money	5,763,640		0	
<b>Total Deposits</b>	<b>5,763,640</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>2022-2023 FY</b>	<b>% of the Total</b>	<b>2021-2022fy FY</b>	<b>% of the Total</b>
Under one year	2,763,640	%	-	%
1-2 years	1,200,200	%	-	%
2-3 years	904,800	%	-	%
Over 3 years	895,000	%	-	%
<b>Total (to tie to totals deposits above)</b>	<b>5,763,640</b>	<b>%</b>	<b>-</b>	<b>%</b>
<b>Total</b>				

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

**24. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2022-2023FY	2021-2022FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	6,631,570	-	-	6,631,570	7,313,884
Non-Current Benefit Obligation					
<b>Total Employee Benefits Obligation</b>	<b>6,631,570</b>	<b>-</b>	<b>-</b>	<b>6,631,570</b>	<b>6,631,570</b>

**Retirement benefit Asset/ Liability**

Sang'alo institute of science of Technology operates a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is administered by old mutual insurance company. The scheme is based on 6% percentage of salary of an employee at the time of retirement.

Sang'alo Institute of Science and Technology also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Sang'alo of Science and Technology obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.2160 per employee per month for Gross salary of above KShs 18,000 and 6% below KShs 18,000 of the gross salary.

**25. Payments received in advance.**

Description	2022-2023FY		2021-2022 FY	
	Kshs		Kshs	
Fees received in advance	11,867,875		38,979,087	
<b>Total</b>	<b>11,867,875</b>		<b>38,979,087</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	8,307,512	70%	26,210,587	67%
1-2 years	2,966,969	25%	8,790,000	22%
2-3 years	474,715	4%	2,734,200	7%
Over 3 years	118,679	1%	1,244,300	4%
<b>Total</b>	<b>11,867,875</b>	<b>100%</b>	<b>38,979,087x</b>	<b>100%</b>

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

**26. Cash generated from operations.**

<b>Surplus for the year before tax</b>	<b>2022/2023FY</b>	<b>2021/2022FY</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Adjusted for:</b>	(5,839,080)	6,629,587
Depreciation	36,630,295	30,168,541
Non-Cash grants received	(27,313,584)	(-)
Contributed assets		(-)
Impairment	-	-
Gains and Losses on Disposal of Assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	(-)	(-)
Finance Cost	-	141,465
<b>Working Capital Adjustments</b>		
Increase in Inventory	1,606,120	(623,295)
Increase in Receivables	35,626,740	(31,976,670)
Increase in refundable deposits	(2,662,700)	
Increase in Deferred Income	-	-
Decrease in Payables	6,598,271	(9,911,483)
Decrease in Payments received in advance	(13,915,145)	19,532,537
<b>Net Cash Flow from Operating Activities</b>	<b>30,730,917</b>	<b>13,960,682</b>

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

**27. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Top Management;
- iv) Board of Governors;

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

**1. Events After The Reporting Period**

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

**2. Ultimate And Holding Sang`alo Institute of Science and Technology**

The Sang`alo Institute of Science and Technology is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**3. Currency**

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

**20 Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
2021-2022-4.8	Unsupported expenditure on Property, Plant and Equipment	All support documents availed	Not resolved	December 2023
2021-2022-4.2	Budgetary control and performance	Management to come up with a realistic budget in future to prevent underfunding /underperforming	Resolved	Done

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**Name**  
**Dr. Rosebella Chukwu PhD**  
**Chief Principal**  
**Date**

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
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**Appendix II: Projects Implemented by Sang'alo institute of science and Technology**

**Projects**

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	Proposed erection and completion of Plumbing workshops	15,163,720	7,535,387	50%	15,163,720	7,535,387	Appropriation In Aid(A.I.A)

**SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY**  
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**Appendix III- SANG'ALO INSTITUTE OF SCIENCE AND TECHNOLOGY TRANSFERS**

		Amount received from ministry of state department of vocational and technical training (Kshs) as at 30th June 2023			
Reference Number	Date Disbursed	capitation (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)
	25/10/2022	15,225,000	0	0	15,225,000
	31/01/2023	14,976,000	0	0	14,976,000
	29/06/2023	14,976,000	0	0	14,976,000
<b>Total</b>		<u>45,177,000</u>	<u>0</u>	<u>0</u>	<u>45,117,000</u>