

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 09 APR 2025 Wednesday

OF:

Hon. NAOMI WAGI, MP  
Deputy Majority Party Whip  
Halima Ahmed

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

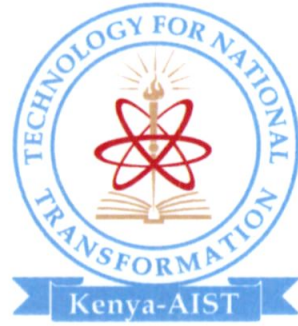
**ON**

**KENYA ADVANCED INSTITUTE OF  
SCIENCE AND TECHNOLOGY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
24 DEC 2024  
**RECEIVED**



---

**KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2024**

---

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

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---



**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

<b>TABLE OF CONTENT.....</b>	<b>Page</b>
1. ACRONYMS AND DEFINITION OF KEY TERMS.....	iv
2. KEY ENTITY INFORMATION AND MANAGEMENT.....	v
3. THE INSTITUTE COUNCIL MEMBERS.....	xii
4. INSTITUTE KEY MANAGEMENT.....	xix
5. CHAIRMAN’S STATEMENT .....	xxi
6. REPORT OF THE AG. PRINCIPAL.....	xxiii
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024.....	xxvii
8. CORPORATE GOVERNANCE STATEMENT .....	xxviii
9. MANAGEMENT DISCUSSION AND ANALYSIS .....	xlili
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	xlix
11. REPORT OF THE COUNCIL MEMBERS .....	lii
12. STATEMENT OF COUNCIL MEMBERS’ RESPONSIBILITIES .....	liv
13. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENT OF KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2024 .....	lvi
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE, 2024 .....	1
15. STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE, 2024.....	2
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2024 .....	3
17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE, 2024 .....	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE, 2024 .....	5
19. NOTES TO THE FINANCIAL STATEMENTS.....	7
20. APPENDICES.....	51

## **1. ACRONYMS AND DEFINITION OF KEY TERMS**

### **A: Acronyms**

AIA	Appropriation in Aid
BETA	Bottom-Up Economic Transformation Agenda
CUE	Commission for University Education
DeKUT	Dedan Kimathi University of Technology
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kenya-AIST	Kenya Advanced Institute of Science and Technology
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSC	Public Service Commission
SAGAs	Semi-Autonomous Government Agencies
SRC	Salaries and Remuneration Commission
STEM	Science Technology Engineering & Mathematics
VC	Vice Chancellor

### **B: Definition of Key Terms**

- i. **Fiduciary Management**- Members of Management directly entrusted with the responsibility of financial resources of the organisation
- ii. **Comparative Year**- Means the prior period.

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Kenya Advanced Institute of Science and Technology (Kenya-AIST) was conceptualized, designed and funded as an institution of strategic national importance; and is modelled after the Korean Advanced Institute of Science and Technology (KAIST). Thus it is envisaged to make a significant contribution to Kenya's transformation into a prosperous and innovative country, with its graduates leading Kenya's economic and technological growth.

On 8th July, 2022, Kenya-AIST was established as a legal entity through publication in Kenya Gazette Supplement No. 117, Legislative Supplement No. 55, under Legal Notice No. 130; and as Constituent College of Dedan Kimathi University of Technology. The Executive Order No. 1 of November 2022 and No. 1 of January 2023 transferred the Institute from the Ministry of Education to the State Department of ICT and Digital Economy, in the Ministry of Information Communication and the Digital Economy. The Institute is physically located in Konza Technopolis.

Having been conceptualized and funded as one of Kenya's flagship projects under Vision 2030, Kenya-AIST is critical in the achievement of Bottom-up Economic Transformation Agenda (BETA). The establishment of Kenya-AIST was aimed at meeting the shortage of highly skilled engineers and scientists needed in Kenya and the region; to drive Kenya into an industrialized nation; that is fueled by knowledge based economy.

Kenya-AIST's flagship academic programmes are unique. They focus on driving Kenya's industrialization through knowledge economy; characterized by advanced research, training and education in science, technology and engineering; which will create a 'marketplace for the production and sale of scientific and engineering discoveries. The academic programmes were approved by Dedan Kimathi University of Technology Senate and submitted to the Commission for University Education (CUE) for accreditation.

**(b) Principal Activities**

Kenya-AIST's mandate is derived from the overriding objectives of University education in Kenya as stipulated in the Universities' Act 2012. These include: -

- a) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- b) Promotion of learning in the student body and society generally;
- c) Promotion of cultural and social life of society;
- d) Support and contribution to the realization of national economic and social development;
- e) Promotion of the highest standards in, and quality of, teaching and research;
- f) Dissemination of the outcomes of the research conducted by the Institute to the general community;
- g) Facilitation of life-long learning through provision of adult and continuing education;
- h) Fostering of a capacity for independent critical thinking among its students;
- i) Promotion of gender balance and equality of opportunity among students and employees.
- j) Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

In the discharge of its mandate, the Institute is further guided by the National Values and Principles of Governance as set out in Article 10 of the Constitution. The Institute also takes cognizance of other relevant legal, regulatory guidelines and Government Circulars.

**i) Vision**

The Institute Vision is:

To be a pioneer in research and education in science and technology, nurturing highly qualified scientists and engineers for Kenya's industrialization and modernization.

ii) **Mission**

The Kenya Advanced Institute of Science and Technology Mission is:

To nurture highly qualified scientists and engineers by equipping them with theoretical and practical knowledge; conduct socially relevant research and development to improve national competitiveness and speed up industrialization; create social and economic values to improve Kenyans' quality of life.

iii) **Motto**

Technology for National Transformation (Teknolojia kwa Mabadiliko ya Kitaifa).

iv) **Philosophy**

Kenya-AIST is an Institute of science and engineering for graduate-level education. It is the first such institution in Kenya. Its primary objective is to provide advanced education to students to serve as a driving force for economic growth and societal progress. Kenya-AIST education is designed to be progressive in that the means of knowledge transfer inspire students with creativity and practicality for more meaningful changes in the economy and society. The curricula comprise of creative programmes designed to offer cutting-edge knowledge and ideas to students. The curricula should be adaptable and take into account the social environment and industrial conditions.

v) **Core Values**

Core values constitute the fundamental bedrock beliefs that drive the Institute. In pursuit of the mission, Kenya-AIST is guided by the following core values:

- Integrity
- Dedication
- Creativity
- Excellence
- Sustainability

**vi) Quality Policy**

Kenya-AIST's management and staff are committed to offering quality education, conducting quality and ethical research, and engaging in transformative research dissemination processes to the satisfaction of our stakeholders.

In 2024/2025 FY, Kenya-AIST will prepare for ISO 9001:2015 certification and comply with other Government, statutory and professional requirements.

**vii) Quality Objectives**

The Vision and Mission of the Institute will be operationalized through the following three objectives:

- i. To prepare scientist and engineers who are highly skilled with theoretical and practical knowledge in order to foster future industries in Kenya and East Africa;
- ii. To conduct national level research for development and improve Kenya's competitiveness and accelerate industrial growth; and
- iii. To create and foster social and economic values and improve the quality of life of Kenyans through education, research and development.

**(c) Key Management**

Kenya-AIST Council was appointed on 23<sup>rd</sup> May 2023. However, in 2022/2023FY, the Institute was not allocated recurrent budget until after Supplementary 1 of the FY 2023/2024. These delays hampered the operationalisation process; particularly the Council work plan and Almanac.

Despite the financial challenges, Kenya-AIST is designed to implement its mandate through the key organs listed below whose details are stipulated in the Statutes:

- (a) Council,
- (b) Ag. Principal,
- (c) Institute Management Board; and
- (d) Senate.

**(d) Fiduciary Management**

The key personnel who served in Kenya-AIST during the financial year that ended 30<sup>th</sup> June, 2024 are as shown below. That is the team that the Acting Principal has been working with and ensuring that Kenya-AIST Council achieves its objectives in 2023/2024FY.

No.	Designation	Name
1.	Ag. Principal	Prof. Jenifer W. Khamasi, EBS
2.	Accountant	CPA. Robert Ngatia Wathegi
4.	Senior Administrator	Ms. Beatrice Nyambura Maina
5.	Legal Office/ Council Secretariat	Mr. John Gitibi Rukioyah
6.	Human Resource / Council Secretariat	Ms. Jackline Njeri Kathuri
7.	Senior ICT Officer	Mr. Patrice Mati Mutua
8.	Supply Chain and Logistics Officer	Ms. Mary Itumbi Munyao

**(e) Fiduciary Oversight Arrangements**

**i) Audit Committee Activities**

The Institute Council has an Audit Risk and Compliance Committee that is designed to meet every quarter to consider written audit reports by the Chief Internal Auditor. The Committee's responsibilities also include to:

- a) Approve of all policies supporting the Audit Risk and Compliance Department.
- b) Approve the internal audit work plan for the year.
- c) Consider the Management response to the Kenya National Audit office audit report at the end of each financial year.
- d) verify that timely corrective actions are taken on internal and external audit recommendations.
- e) Implement the Institute's risk management framework and compliance to statutory laws, rules and regulations.

Kenya-AIST will establish an Audit, Risk and Compliance Department which will support this oversight role.

**ii) Finance Committee activities**

The Institute Council has a Finance Committee which is designed to provide oversight and advice on matters relating to the financial position of the Institute. The Committee meets every quarter. In the periodic meetings, the Committee discussions include consideration of financial policies and regulations that are to be applied in a fiscal year. At the beginning of each financial year, the Finance Committee recommends to Council the approval of the annual Institute's **budget and the medium-term financial forecasts** which are forwarded to the parent Ministry and the National Treasury (NT) for approvals and funding. At the end of the financial year, the Committee receives the annual accounts of the Institute, discusses them and recommends their approval to Council.

**(f) Entity Headquarters**

Kenya Advanced Institute of Science and Technology,  
Kenya-AIST Core Building,  
Konza City,  
Along Nairobi-Mombasa Road,  
P.O. Box 30 - 90151,  
Konza City, KENYA.

**(g) Entity Contacts**

Cell phone **+254-741-491563**  
Email: [principal@kenya-aist.ac.ke](mailto:principal@kenya-aist.ac.ke)  
Website: [www.kenya-aist.ac.ke](http://www.kenya-aist.ac.ke)

**(h) Entity Bankers**

1. Kenya Commercial Bank  
Machakos Branch  
P.O Box 90-90151,  
Machakos-Kenya.
2. National Bank of Kenya  
Machakos Branch  
Machakos, Kenya.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**(i) Independent Auditors**


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

**(j) Principal Legal Adviser**


i. The Attorney General of Kenya  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112, City Square 00200  
Nairobi, Kenya

ii. Mr. John Rukioyah  
Assistant Legal Officer  
Dedan Kimathi University of Technology  
Private Bag, 10143  
Dedan Kimathi, Nyeri


**3. THE INSTITUTE COUNCIL MEMBERS**

Ref	Council Members	Details
1.	<p><b>Prof. Emmanuel Mutisya - Council Chairperson</b></p>  <p><b>Prof. Emmanuel Mutisya</b> Date of Birth: 16-02-1980</p>	<p>Prof. Emmanuel Mutisya is a seasoned project manager, sustainability specialist, researcher, education expert, and strategist in international development policy with more than 10 years of professional and program management experience. Prof. Mutisya is currently the Chairperson of the Global e-Schools and Communities Initiative (GESCI), a Visiting Professor at the University of Nairobi, a Board Member at the Institute for Humanities in Africa at the University of Cape Town, and a Senior Consultant of Education and Skills Development at the African Development Bank.</p> <p>Prof. Mutisya holds a PhD in Sustainability Science from the University of Tokyo (Japan), a Master's Degree in Public Administration from the International Christian University (Japan) and a Master's Degree in Mathematics from Karlstad University (Sweden).</p> <p>Prof. Mutisya has held various positions in Kenya and globally. He was appointed the First Chairperson of the National Diaspora Council of Kenya by the President of Kenya (2015-2021). He was the Chairman of the Kenyans in Japan Association (2011-2019), Chairman of the Diaspora Consortium of Kenya (2015 - 2022) as well as the Coordinator of JICA funded programs in Africa under the TICAD framework. He was also a Project Manager at the United Nations University in Japan (2015-2017), where he coordinated the Education for Sustainable Development in Africa (ESDA) program and the African Youth Entrepreneurship Society</p>



**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

		<p>(AYES) initiative. He was awarded the "Education for Sustainable Development in Africa Champion" in Kenya in 2019.</p>
<p>2.</p>	<p><b>Prof. Washington Yotto Ochieng, FREng - Independent Council Member</b></p>  <p><b>Prof. Ochieng, Washington Yotto</b> Date of Birth: 25-10-1964</p>	<p>Professor Washington Yotto Ochieng, CBE, EBS, FREng, is the Head of the Department of Civil and Environmental Engineering, Chair Professor in Positioning and Navigation Systems, and Interim Director of the Institute for Security Science and Technology (ISST), at Imperial College London. Formerly, he served as Head of the Centre for Transport Studies and Co-Director of the ISST. Ochieng has significantly contributed to the Department's success, notably its best performance in the 2021 Research Excellence Framework (REF) and a 95.2% National Student Satisfaction score. He is the President of the Royal Institute of Navigation, and a Member of the Board of Trustees of the Science Museum Group (SMG). He chairs the Advisory Board of the Science Museum in London and the Africa Engineers Steering Committee of the Royal Academy of Engineering.</p> <p>Prof. Ochieng holds a BSc in Engineering from the University of Nairobi and MSc and PhD degrees in Civil Engineering from the University of Nottingham. With over 200 published scientific papers, he has supervised 60 PhD students and 30 Post-Doctoral Fellows. A pioneer of Europe's space-based positioning, navigation and timing programme, his work includes developing navigation systems for land, sea, and air applications and contributing to the Single European Sky Air Traffic Management (SESAR) research and development programme. He advises the UK Government's at the Foreign,</p>


**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

		<p>Commonwealth, and Development Office (FCDO), Department for Transport (DfT) and the UK Parliamentary Select Committee on Science &amp; Technology. He is a Member of the Science and Technology Advisory Council of the UK's National Physical Laboratory (NPL) and the Program Steering Committee for DFID's Sustainable Urban Economic Development (SUED) program for Kenya. His other research focus areas include infrastructure resilience, sustainable development, and international collaboration on global challenges.</p>
<p>3.</p>	<p><b>Eng Meshack Otieno Kidenda - Independent Council Member</b></p>  <p><b>Eng. Meshack Kidenda</b> Date of Birth: 06-06-1956.</p>	<p>Eng. Meshack Otieno Kidenda B Sc, M Sc, CE, FIEK, MCIarb, MBS, HSC., holds a BSc (Civil Engineering) from University of Nairobi and MSc in Traffic Engineering from University of Birmingham. He is a registered Consulting Engineer (CE) with the Engineers Board of Kenya, a Fellow of the Institution of Engineers of Kenya (FIEK), a member of the Chartered Institute of Arbitrators (MCIarb) and holds two National Honors of MBS and HSC</p> <p>Eng. Kidenda joined the Roads Department in the Government of Kenya in 1979 on graduating from University of Nairobi and rose to the level of Chief Engineer (Roads). In the year 2000, he was appointed Director of Industrial Training (DIT), a position he served until December 2008; when he was appointed the inaugural Director General of the Kenya National Highways Authority (KeNHA). At KeNHA, he served the maximum allowed six years. He retired from the Public Service in 2016.</p> <p>Eng. Kidenda has continued to serve the country in different capacities which includes serving on the Board of National Transport and Safety Authority (NTSA). Currently, he is the Chairman of the Kisumu National Polytechnic Council, Chairman Board of Management of Wigot</p>


**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

		<p>Gardens Hotel, Chairman of Development at the SDA Church Karen Community, and a Board member of the Institute for Transportation &amp; Development Policy, ITDP (Africa).</p>
<p>4.</p>	<p><b>Ms. Purity Nyawira Mureithi - Independent Council Member</b></p>  <p><b>Ms. Purity Nyawira Mureithi</b> Date of Birth: 12- 12-1979.</p>	<p>Purity Nyawira Mureithi is a dedicated legal professional with a strong background in law and administration. She runs her own law firm, Purity Mureithi &amp; Company Advocates, in Nairobi.</p> <p>Ms. Mureithi holds an LL.M and LL. B from the University of Nairobi and a Diploma in Law from the Kenya School of Law. A member of the Law Society of Kenya, Purity's legal expertise spans Family Law, Property and Conveyancing, Commercial Litigation, Employment Law, and Constitutional Law.</p> <p>Ms. Mureithi's has over a decade of experience as an advocate and has served as Head of the Legal Department at P.J. Dave Group of Companies and as a Legal Assistant at Bhullar &amp; Company Advocates. She also participates in peer-reviewing journals for the Law Society of Kenya and is a panelist on Inooro TV, discussing legal issues and engaging in pro bono work.</p>
<p>5.</p>	<p><b>Dr. Collins Kipngetch Tanui- Independent Council Member</b></p>  <p><b>Dr. Collins K. Tanui</b></p>	<p>Dr. Collins Kipngetch Tanui, Ph.D., is a distinguished scientist specializing in Microbiology, focusing on pathogen genomics and infectious diseases. As the Principal Technical Officer for Pathogen Genomics at the Africa Union - Africa CDC, he leads strategic planning, pathogen genomics surveillance, and capacity building across Africa. His expertise in data management ensures effective dissemination of research findings. Dr. Tanui has significantly contributed to public health, particularly in outbreak responses and strengthening sequencing capacity.</p>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

	<p>Date of Birth: 24-04-1986.</p>	<p>Dr. Tanui holds a Ph.D. and M.Sc. in Microbiology from the University of Pretoria and a B.Sc. in Biochemistry &amp; Molecular Biology from Jomo Kenyatta University. His innovative research includes predictive machine learning and network analysis for pathogen risk assessment. He has published extensively, received international recognition, and serves as a reviewer for prominent journals. He is affiliated with the American Society of Microbiology, Society of Risk Analysts, and International Association of Food Protection.</p> <p>Dr. Tanui's dedication to research, technology advancement, and public health improvement in Africa and beyond has established him as a leading figure in his field. His leadership in research, capacity building, and emergency response to outbreaks underscores his commitment to safeguarding public health and promoting scientific progress</p>
<p>6.</p>	<p><b>Dr. Roselida Achieng' Owour -</b> Council Member- representing PS, State Department of Higher Education and Research</p>  <p><b>Dr. Roselida A. Owour</b> Date of Birth: 13-06-1968.</p>	<p>Dr. Roselida Owour holds a PhD in Cell and Molecular Biology from Maseno University, an MSc in Reproductive Biology from the University of Nairobi, and a degree in Biological Sciences with a specialization in Zoology and Botany from Egerton University. She is the Deputy Director of Research in the Directorate of Research, Science, and Technology in the State Department for Higher Education and Research, Ministry of Education.</p> <p>With over twenty years of senior management experience in both the public and private sectors, Dr. Owour has coordinated science, technology, and innovation activities at national, regional, and international levels. She has extensive experience in corporate governance, serving on the boards and councils of national institutions and international organizations. Notably, she participated in drafting the Biosafety Bill enacted in 2009 and its regulations, as well as coordinating the</p>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

		finalization of the Draft Science, Technology and Innovation Policy, Proposed Biosecurity Bill, and Draft Biosecurity and Dual-use Research Policy.
7.	<p>Mr. John Nusu Mumwanzi - Council Member- representing PS, State Department of ICT &amp; the Digital Economy</p>  <p>Mr. John Nusu Mumwanzi Date of Birth: 06-12-1968</p>	<p>Mr. Nusu Mwamanzi holds a Master of Science in Information Technology Management, University of Sunderland (2010); Master of Arts in International Development, [International University of Japan (2004), Post Graduate Diploma in Computer Science (PGD. Comp Sc.), University of Nairobi (1996) and Bachelor of Science (B.Sc.) Kenyatta University (1992).</p> <p>Mr. Nusu Mwamanzi is a motivated and results-oriented professional with a strong blend of technical skills in Information and Communication Technology and with a synopsis of international development aspects. He has more than 20 years of experience in information and communication technology sector and has a passion for leveraging technology to drive positive change in developing public service delivery systems.</p> <p>He has skills in the management information system (MIS), policy &amp; strategy development, International Development, Project Management, Data Analysis, and emerging technologies.</p> <p>He currently the Director of ICT in State Department of ICT &amp; the Digital Economy.</p>
8.	<p><b>Prof. Jennifer Wanjiku Khamasi, EBS – Acting Principal / Council Secretary</b></p>	<p>Prof. J. W. Khamasi is an educator with over 25 years of experience in higher education management and leadership. She is the pioneer Acting Principal of the Kenya Advanced Institute of Science and Technology; a position she has held since July 2022. Previously, she served as the Registrar of Academic Affairs &amp; Research at Dedan Kimathi University of Technology</p>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

	 <p><b>Prof. Jennifer Wanjiku Khamasi</b> Date of Birth: 05-11-1959</p>	<p>from May 2014 to July 2022. At Moi University where she served for more than 15 years, Prof. Khamasi served in various capacities; was the inaugural Director for the Institute for Gender Equity, Research, and Development (IGERD), and successfully managed the Moi University-VLIR-UOS-Gender Equity Project from 2007 to 2011. She also served as Associate Dean, School of Education and Head of Family and Consumer Sciences Department.</p> <p>Prof. Khamasi holds a PhD from the University of British Columbia, MEd from the University of New Brunswick, Canada, and a BEd from the University of Nairobi. She has benefited from Ford Foundation fellowships at the International Center for Research on Women, Washington DC (ICRW) and Africa Population, Health and Research Center (APHRC), as well as the Erasmus Mundus Scholarship at the University College London and Karolinska Institute, Sweden.</p> <p>Prof. Khamasi has published widely, co-edited several books, and mentored many scholars. She is a member of Educational Leaders Without Borders, the Comparative and International Education Society (CIES), and is a founding member of the Kenya Association of Educational Administration and Management. Prof. Khamasi is an advocate for leadership with a conscience.</p>
--	--	--

#### **4. INSTITUTE KEY MANAGEMENT**

Kenya-AIST Council was appointed on 23<sup>rd</sup> May 2023 and began the 2023/2024FY with the following assumptions:

- i) That Kenya-AIST will be allocated a recurrent budget to support its operationalisations, and
- ii) That the construction of the campus buildings will be completed by July 2024.

Unfortunately, none of the above assumptions were realised. The Institute was not allocated a recurrent budget until after Supplementary 1; not until in January 2024 did the Institute receive Kshs. 40,000,000 from the exchequer. These delays hampered the operationalisation process; particularly the development, approval of the Human Resource Instruments, development of the strategic plan and key management policies.

The HR Instruments comprise of the organisational structure, staff establishment, career guidelines and HR Manual and Policies. The organisational structure, staff establishment and the grading structure were approved by the Public Service Commission on 11<sup>th</sup> April, 2024. Kenya-AIST cannot recruit staff until the Salaries and Remuneration Commission provides a salary structure, which the National Treasury will have to give concurrence.

Given the foregoing, the Acting Principal discharges her duties and responsibilities with the assistance of other support staff from Dedan Kimathi University of Technology and others seconded from the Ministry of Information, Communication and the Digital Economy as listed above, and additional staff are provided by the DeKUT for specific activities/tasks as need arises. For example, when developing Kenya-AIST policies such as the Statutes, HR Instruments, academic and management policies, and when monitoring ERP development among other others activities.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

	<b>Management</b>	<b>Details</b>
1.	<b>Prof. Jennifer W Khamasi, EBS - Ag Principal</b>	Prof. Khamasi is the Pioneer Ag. Principal Kenya Advanced Institute of Science and Technology. She discharges her duties and responsibilities as explained above.  Having been allocated recurrent budget for 2024/2025FY, there are plans to recruit staff as provided in the staff recruitment plan.

**Officers who assist the Acting Principal**

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accountant	CPA. Robert Ngatia Wathegi
2.	Legal Office/ Council Secretariat	Mr John Gitibi Rukioyah
3.	Council Secretariat/ Human Resource	Ms. Jackline Njeri Kathuri
4.	Senior Administrator	Ms. Beatrice Nyambura Maina
5.	Senior ICT Officer	Mr Patrice Mati Mutua
6.	Supply Chain and Logistics Officer	Ms. Mary Itumbi Munyao

## **5. CHAIRMAN'S STATEMENT**



It is with great pleasure to present the Annual Report and Financial Statements for the 2023/24 financial year to our various stakeholders. I start by celebrating members of Kenya-AIST Council who were appointed on 23<sup>rd</sup> May 2023 and together we started our service to Kenya-AIST on 7<sup>th</sup> June, 2023. That was immediately after the inaugural meeting. By the end of that first meeting, the Council committed itself to support the operationalization of Kenya-AIST, approved Council work plan and schedule of meetings, and also aligned themselves to the committees of Council. With that enthusiasm, we started 2023/2024FY with the hope that Kenya-AIST will be allocated recurrent budget to support its operationalisation, and that the construction of the campus buildings will be completed by July, 2024, handed over to the GoK, and Kenya-AIST will be granted Charter before the end of 2024.

In the spirit of offering quality services, a Council induction workshop was held in August 2023; after which the Council was raring to go. By June 2024, Council recorded many achievements that are outlined in the following sections. (1). A conducive working relations was nurtured among Council members, and evidently, Council successfully held 16 meetings that comprised of five full council meetings, six special, four committee meetings and the induction workshop. (2). Kenya-AIST is a newly established institution and is at its formative stage. In this regard, policies had to be developed in preparation for institutional accreditation and the award of charter. By the end of the year, we had the key policies approved by Council. The policies are: The Kenya-AIST Statutes, the Human Resource Instruments, Draft Charter; 15 different policies to support operationalization of the Institute in relation to management, academic, and research activities. The HR Instruments were approved by the Public Service Commission in the year under review. (3). We embarked on a mission to establish international linkages with universities, advanced research institutions and industry. The two main outputs from this initiative are two MoUs that were signed during the Africa Korea Summit in June 2024. One was between the Korea Advanced Institute of Science and Technology

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

and the Kenya Advanced Institute of Science and Technology, and the second was between International Vaccine Institute, Korea Advanced Institute of Science and Technology, and Kenya-AIST. (4). Several consultative meetings were held with various stakeholders among them the government, development partners and the private sector. By June 2024, we can attest that visibility of Kenya-AIST was enhanced.

The above achievements notwithstanding, we record two major challenges faced by the Institute in the year under review. Kenya-AIST was not allocated recurrent budget in the beginning of 2023/2024FY. This affected Council and Management work plans considerably; and specifically, between July and December 2023. Despite the delays, I am happy to report that we received an allocation of Ksh.40M under Supplementary I in January 2024. The second challenge is related to the delayed completion of the construction of the Kenya-AIST campus. Council engaged the contractor in a number of consultative meetings immediately after assuming office. The discussions positively projected to have the campus completed by July 2024. It is important to note that in July 2023, the completion rate was reported as below 20% and by June 2024 at 64.53% and therefore a challenge worth noting.

Lastly, I would like to acknowledge the support received from the National Government, the Ministry of IC and DE and in particular, the Principal Secretary, the State Department of ICT and the Digital Economy. The support from the Vice Chancellor, Dedan Kimathi University of Technology and the many stakeholders is also appreciated. Finally, my appreciation goes to the Council and staff who have served the Institute with lots of commitment.

Our plan in 2024/2025FY is to monitor the completion of the campus and installation of equipment by November 2024, the handover of the facilities to the Government by December, 2024, the launch, and the award of charter and full operationalization of the Institute by June 2025.



.....  
**Prof. Emmanuel Mutisya**  
**Kenya-AIST Council Chairman**

## **6. REPORT OF THE AG. PRINCIPAL**



On behalf of Kenya Advanced Institute of Science and Technology (Kenya-AIST), I am delighted to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024. Kenya-AIST was established as a legal entity on 8<sup>th</sup> July, 2022, with a mandate of addressing the shortage of highly skilled engineers and scientists needed in Kenya and in the region, to drive Kenya into a knowledge-based economy, industrialization and modernization.

Six members of the Council were appointed on 23<sup>rd</sup> May, 2023, and held their inaugural meeting on 7<sup>th</sup> June, 2023. I am therefore happy to report that the 2023/2024 financial year started with the founding Council in place and by 30<sup>th</sup> June, 2024 we recorded tremendous achievements. During its first meeting in June 2023, Council approved its 2023/2024 work plan, constituted committees, approved its Almanac and signed legal instruments –i.e. the oath of office, declaration of conflict of interest form. That first meeting set the pace for the rest of the year’s activities and the team filled with hope held two assumptions – (i). that Kenya-AIST will be allocated recurrent budget to support the operationalisation process in 2023/2024FY, and (ii). that the construction of the campus buildings will be completed by July, 2024 and handed over to the GoK by September 2024. Fulfilment of the two assumptions also would have paved the way for Kenya-AIST accreditation and the award of Charter before the end of 2024.

The first step towards implementation of the Council and Management work plan, called for an induction workshop which was successfully held in August 2023. By the end of the workshop, the Council and Management committed to ensuring the effective utilisation of resources availed to them by the government as well as to exploring ways of generating revenue internally and externally in order to be self-sustaining in the future. By the end of the financial year, we recorded outputs and outcomes that are grouped in the five categories shown below:

- a) **Team spirit nurtured.** There exists a cordial relationship between the Institute Council, Management, and staff. This cooperation has sustained a collegial working

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

relationship on important matters leading to the achievement of the set targets for the operationalization of the Institute. In total, Council successfully held 16 meetings that comprised of five full council meetings, seven special that include the induction workshop, and four committee meetings. A conducive working relations was nurtured and evident by the end of the year. The team is therefore focused on ensuring that Kenya-AIST delivers on its core mandate.

- b) **Key policies developed:** Kenya-AIST is in its formative stage, and is yet to recruit staff and students. In the year under review, a lot of effort was placed on the development of the key policies that must be ready in preparation for institutional and academic programmes accreditation, and the award of charter. The policies include: The Kenya-AIST Statutes; the Institute’s Human Resource Instruments – that is the organizational structure, the staff establishment, career guidelines and the human resource management policy and procedures manual; the Draft Charter; 15 policies to support operationalization of the Institute in relation to the overall Institute’s management and leadership, and the management of the academic and research operations. The Public Service Commission approved the HR Instruments and are ready for implementation.
- c) **Linkages and partnerships established:** As a specialized institution of higher learning that is focused on teaching and research in science, engineering and technology, we aim at establishing linkages and partnerships with similar local, continental and global institutions. These initiatives will promote mutually beneficial relationships. Two MoUs were signed during the Africa Korea Summit held in Seoul Korea in June 2024. One was between the Korea Advanced Institute of Science and Technology and the Kenya Advanced Institute of Science and Technology, and the second was between International Vaccine Institute, Korea Advanced Institute of Science and Technology, and Kenya-AIST. The MoUs will help generate a number of initiatives from the Institute’s academic departments that will inform our industry academic collaborations, research projects and staff and student exchange programmes.
- d) **Visibility of Kenya-AIST enhanced.** Several consultative meetings were held with various stakeholders among them selected government agencies, development partners, and the private sector including SMEs. Others include the Korea Advanced

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

Institute of Science and Technology, that form part of the consortium overseeing the construction of the Kenya-AIST project. In addition, Kenya-AIST actively participated in four (4) international conferences and three (3) exhibitions that were held in Kenya in the year in review; as well as in nine (9) higher level consultative meetings. These activities created awareness about Kenya-AIST and enhanced our visibility. The efforts will be scaled up.

- e) **Council went paperless:** Kenya-AIST heeded one of the Government's directive issued in the year by adopting use of technology during meetings and hence 'went' paperless. This effort is sustainable and will contribute to reduced printing costs from the onset. The plan is to ensure that all committees of the Senate and Institute Management are facilitated to adopt the good practice.

By June 2024, and having successfully served for a year, the Council and Management was motivated to begin 2024/2025 financial year in anticipation of the completion of the construction of the campus facilities and full operationalization of the Institute.

Even though we recorded great achievements, the year was not devoid of challenges. As mentioned above, the Kenya-AIST Council started 2023/2024FY with two assumptions: that Kenya-AIST will be allocated recurrent budget to support its operationalisation, and that the construction of the campus buildings will be completed by July, 2024, the facilities handed over to the GoK, and Kenya-AIST will be granted a Charter before the end of 2024. The two assumptions were not realized as we expected. Kenya-AIST was not allocated recurrent budget in the beginning of 2024/2025FY but despite the delay later in November 2023 the Institute was allocated Kshs. 40 million through supplementary budget 1 which was released in January 2024. This affected Council and Management work plan considerably; and specifically, between July and December 2023.

The second challenge is related to the delayed completion of the construction of the campus. Council engaged the contractor in a number of consultative meetings immediately after assuming office. The discussions positively projected to have the campus completed by July 2024, and the handover to take place by September 2024. It is important to note that in July 2023, progress was below 20% and by June 2024 it was 64.53%, and evidently, it was clear that the campus will not be ready for admission of the first cohort of students until early 2025.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**Financial Performance:** The Global economic challenges, the local economic depression coupled with local financial challenges in the Institute brought about by lack of adequate recurrent budget greatly affected the performance of the Institute's operations during the year under review. The Institute had an income of Kshs. 39,794,500.00 being the recurrent exchequer received from government capitation in January 2024. Against an expenditure of Kshs. 36,633,496 resulting to a surplus of Kshs. 3,161,004. The Institute had an asset base of Kshs. 11,206,774.

In conclusion, we acknowledge the support received from the Ministry of IC and the Digital Economy, and in particular from the Principal Secretary, State Department of ICT and the Digital Economy. We also recognise the support provided by Dedan Kimathi University of Technology (DeKUT). The Ministry and DeKUT's support helped mitigate the outcomes triggered by the two major challenges mentioned above. The State Department of ICT and the Digital Economy deployed three members of staff to the Institute in addition to offering other forms of support; whereas the DeKUT provided personnel to support the Council Secretariat and selected academic staff to support the development of Kenya-AIST policies and curricula as well as an office for the CEO. I also take this opportunity to acknowledge the moral and material support provided by KoTDA, other stakeholders and service providers in that one year.

We are hopeful that the construction of the campus will be completed before December 2024, and the equipment installed in readiness for the institutional accreditation exercise by the Commission for University Education. We are also preparing for the award of the charter and full operationalization of the Institute before the end of 2024/2025FY.



.....

**Prof. Jennifer W. Khamasi, EBS.**

**Ag. Principal & Secretary to the Council, Kenya-AIST**

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED  
OBJECTIVES FOR FY 2023/2024**

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 Institute's performance against predetermined objectives.

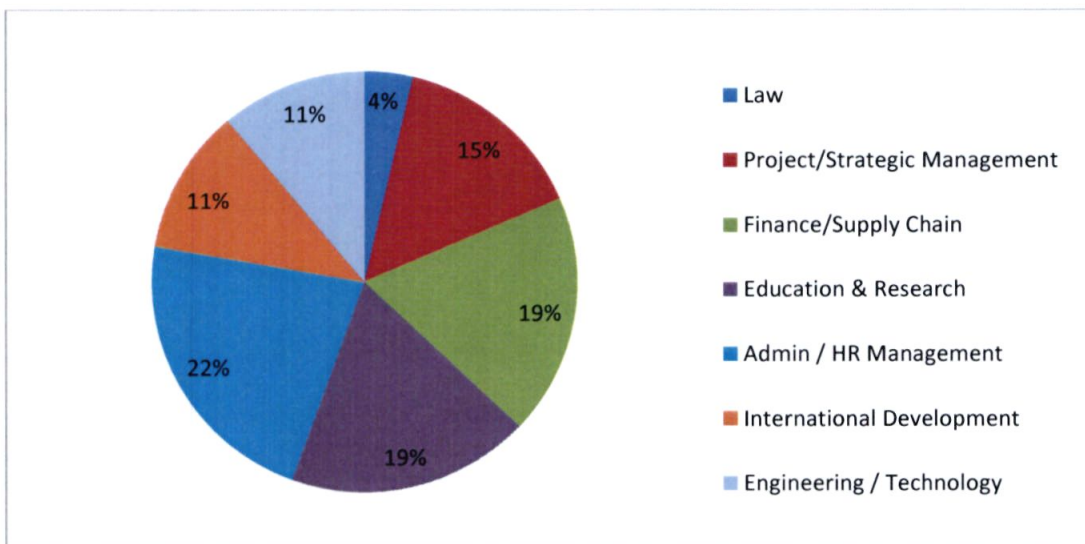
The Kenya Advanced Institute of Science and Technology (Kenya-AIST) is a key Kenya Vision 2030 flagship project. It was conceptualised, designed and is being constructed as a specialized post-graduate degree-awarding institution with a mandate to conduct advanced research, training and education in science, engineering and technology to support Kenya's national industrialization initiatives. The Institute was established as a legal entity on 8<sup>th</sup> July, 2022, but it did not receive recurrent budget allocation until January 2024. The funding delays affected the operationalisation process which includes development of the HR Instruments, recruitment of critical staff and engagement of stakeholders in the Strategic Planning process. The Institute plans to engage stakeholders in the strategic plan development and validation process in the second quarter of the 2024/2025FY

## 8. CORPORATE GOVERNANCE STATEMENT

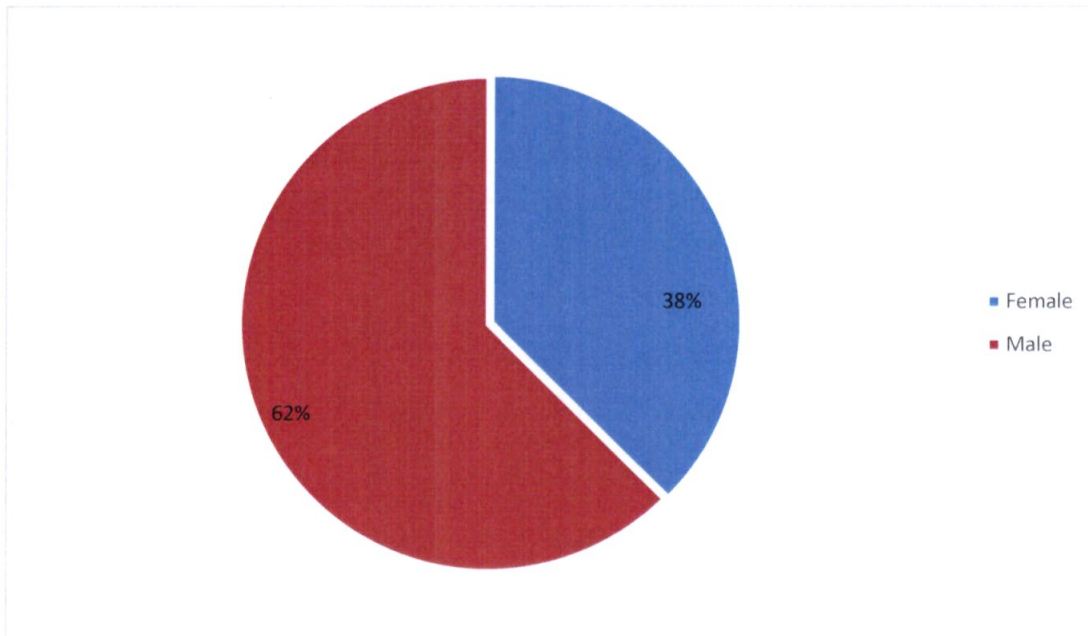
Section 36(1) of the Universities Act provides that a University Council shall consist of nine persons appointed by the Cabinet Secretary:- the Chairperson; the Principal Secretary in the Ministry for the time being responsible for National Treasury and Planning; the Principal Secretary in the Ministry for the time being responsible for the university education; the Principal Secretary in the Ministry for the time being responsible for ICT and the Digital Economy; five members appointed by the Cabinet Secretary through an open process in such a manner as may be prescribed in guidelines issued by the Cabinet Secretary; and the Vice-Chancellor / the Ag. principal shall be an ex-officio member of the Council.

The Kenya-AIST's Council comprises of the Chairman; 4 independent members; the Principal Secretary, State Department for ICT and Digital Economy; the Principal Secretary, State Department for Higher Education and Research, and the Ag. Principal as an *ex-officio* member and secretary to the Council. The team has members from different professional backgrounds with diverse skills, competences and complies broadly with the constitutional and gender balance requirements as shown in Pie Chart 1 and 2, below:

**Pie Chart 1: Council Competences**



**Pie Chart 2: Council gender representation**



### **Role of the Chairman**

The Chairman of the Kenya-AIST Council leverages his expertise, experience, and leadership to facilitate effective governance. He is responsible for conducting meetings competently and ethically, while also providing crucial leadership in formulating and guiding the Institute's strategic direction.

### **Council Committees**

There are four (4) standing committees and one (1) Adhoc Committee of the Council, which assist the Chairman to discharge its functions and responsibilities effectively. The operations of each committee are defined in the Statutes. The Council Committees are as follows: -

#### **Finance Committee**

The Finance Committee is responsible for: -

1. Reviewing and recommending to the Institute's annual budget to the Council for approval.
2. Monitoring the implementation of the budget and providing guidance on long-term financial planning and resource allocation.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

3. Overseeing the preparation of accurate financial statements and reports, ensuring accuracy and compliance with regulations.
4. Overseeing the management of financial resources and assets, including investment policy and diversification of income streams to ensure financial sustainability.
5. Ensure procurement activities and significant expenditures align with established policies and regulations, ensuring cost-effectiveness and transparency.
6. Advising the Council on the formulation and review of financial policies, including budgeting and asset management
7. Advising the Council on strategies for mobilizing resources, including securing grants, donations, and partnerships with local and international stakeholders to support the Institute's financial sustainability
8. Ensuring that Kenya AIST complies with all financial regulations, including tax obligations and statutory requirements, while maintaining transparency in all reporting and audit processes.
9. Providing regular reports to the Council on the Institute's financial performance, highlighting key financial metrics and advising on significant financial decisions.
10. Overseeing the efficient use and management of the Institute's assets, ensuring they are well-maintained and provide maximum value to the Institute

The members are: Dr. Collins Tanui (Chairman), Eng. Meshack Kidenda (Member), Dr. Roselida Owuor (Member), Mr. Nusu Mwamanzi (Member), and Prof. J.W. Khamasi (Ag. Principal)

#### **Audit and Risk Management Committee**

The Audit and Risk Management Committee is mandated to: -

1. Independently monitor, review and report to Council on the processes of governance and, where appropriate, to facilitate and support through its independence, the attainment of effective processes.
2. Monitor, review, and report to the Council as to whether the Institute's processes in the following areas are efficient and effective: - internal control and risk management; internal audit; and financial reporting.
3. Review the management letter provided by the Auditor General on any weaknesses in internal accounting, organization and operating controls, and consider the

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

- recommendations made by the Auditor General and analyse the action taken by the Institute Management in response to the suggestions.
4. Review the Audit, Risk and Compliance Department's reports on any weaknesses in internal accounting, organization and operating controls, and consider their commendations made by the Internal Auditor and analyse the action taken by the Institute Management in response to the suggestions.
  5. Review and or initiate any other act necessary to ensure: - compliance with policies, plans, procedures, laws and regulations; safeguarding of Institute's assets; Economic and efficient use of resources; and accomplishment of established objectives and goals for operations or programs.
  6. Ensure that attention is drawn to any failure to take prompt remedial action relating to previously identified shortcomings.
  7. Review the proposed scope of the internal and the external audit function.
  8. Review performance of the internal audit function.
  9. Appraise the effectiveness of the audit by discussing the approach to the examination and areas where special attention is considered necessary.
  10. Approve annual audit plans for the year.
  11. Identify, assess, and evaluate the Institute's risk areas and ensure that all the risks identified are mitigated and more so in the major risks which are: -
    - (a) Financial risks.
    - (b) Technical risks.
    - (c) Managerial risks.
    - (d) Behavioural risks.
    - (e) Legal risks.
  12. To perform any other duty delegated to the Risk and Audit Committee by the Council.

The members are: Ms. Purity Mureithi (Chairman), Mr. Nusu Mwamanzi, and Prof. Jennifer W. Khamasi (Ag. Principal).

### **Strategic Planning and Development Committee**

The Strategic, Planning and Development Committee is responsible for: -

1. Formulating, reviewing, and recommending to Council the Institute's strategic plan, ensuring it aligns with Kenya's national development goals and the global landscape in science and technology.
2. Overseeing the implementation of the strategic plan by setting measurable goals and ensuring continuous monitoring and evaluation of progress. Recommending corrective actions where necessary;
3. Advising the Council on policies that support the long-term development of the Institute, including research priorities, academic programs, infrastructure development, and resource mobilization;
4. Supporting the establishment of local and international partnerships that align with the Institute's strategic objectives, fostering collaboration with universities, research institutions, industry, and government agencies.
5. Providing guidance on fostering a culture of innovation, research, and development that positions Kenya-AIST as a leading institution in science, engineering and technology in Africa.
6. Developing strategies for mobilizing resources to fund development projects, including infrastructure, research, and academic programs. This includes securing local and international funding.
7. Developing strategies for mobilizing resources to fund development projects, including infrastructure, research, and academic programs.
8. Updating the Council on the progress of strategic initiatives, highlighting key achievements, challenges, and any adjustments needed to meet the Institute's long-term goals.

The members are: Eng. Meshack Kidenda (Chairman), Prof. Washington Ochieng', Dr. Roselida Owuor; and Prof. Jennifer W. Khamasi (Ag. Principal)

### **Human Resource and Staff Welfare Committee**

The Human Resource and Staff Welfare Committee is responsible for appointments, staff welfare and disciplinary matters as indicated below: -

#### **1. Staff Appointment**

- (a) Formulating, reviewing, and recommending policies related to staff recruitment, retention, training, and performance management to ensure they align with the Institute's mission and strategic goals.
- (b) Overseeing the recruitment and selection processes, ensuring transparency, fairness, and adherence to Kenya AIST's approved recruitment strategies.

#### **2. Staff Welfare matters**

- (a) To initiate and review amendments to the disciplinary procedure.
- (b) Developing and monitoring staff welfare programs, including health, safety, work-life balance initiatives, and social benefits that promote staff well-being and a positive work environment.
- (c) Providing oversight on staff relations, including conflict resolution, grievance management, and compliance with labor laws, ensuring a conducive and harmonious working environment

#### **3. Staff Housing matters**

- (a) Developing and recommending policies related to staff housing, including eligibility criteria, allocation procedures, and maintenance responsibilities.
- (b) Reporting to the Council on staff housing matters, including occupancy rates, maintenance issues, and any proposed changes to housing policies.

#### **4. Staff disciplinary matters** – To consider charges and evidence of staff in disciplinary cases and recommend to Council appropriate action to be taken.

#### **5. Regularly reporting to the Council on human resource matters, including staffing needs, staff development initiatives, welfare programs, and any emerging HR challenges or opportunities**

The members are: Prof. Washington Ochieng' (Chairman), Dr. Collins Tanui, Ms. Purity Mureithi and Prof. Jennifer W. Khamasi (Ag. Principal).

**a) Council meetings held and the attendance to those meetings by members**

The Council holds meetings at least four times annually, on a quarterly basis, in accordance with the approved calendar of meetings. In addition to these regular meetings, the Council has established four standing committees, which also convene quarterly.

While the Council's standard practice is to meet quarterly, there have been additional special meetings due to the ongoing process of operationalization. These extra meetings address the numerous tasks and arrangements required to successfully establish and fully operationalize the Council's functions and responsibilities. **The Council and its Committees held meetings as follows:**

- Full Council - 6 meetings
- Special Full Council - 6 meetings
- Human Resource & Staff Welfare - 2 meeting
- Finance - 2 meetings
- Audit, Risk & Compliance - 0 meetings
- Strategic, Planning & Development - 0 meetings

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

Period beginning 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024

Council Member	Classification	Designation	HR& Staff Welfare	Finance	Audit, Risk & Compliance	Strategic, Planning & Development	Full & Special Council
Prof. Emmanuel Mutisya	Independent	Council Chair					12
Dr. Collins Tanui	Independent	Chairperson, Finance Committee	2	2			12
Eng. Meshack Kidenda	Independent	Chairman, Strategic, Planning & Development		2			12
Prof. Washington Ochieng	Independent	Chairman, HR and Staff welfare	2				10
Ms. Purity Mureithi	Independent	Chairperson, Audit, Risk & Compliance	2				10
Dr Roselida Owour	Rep. PS. SDHER	Council Member		2			11
Mr. Nusu Mwamanzi	Rep. PS. ICT and DE	Council Member					1
Prof. Jennifer W. Khamasi	Ag. Principal	<i>Ex-officio</i>	2	2			12

**b) Succession Plan**

The Kenya-AIST Succession Plan is crucial for ensuring leadership continuity and institutional stability in this newly established institution. The plan emphasizes identifying key roles, developing a leadership pipeline, and establishing a transparent, merit-based selection process for future leaders. As Kenya-AIST embarks on its mission to advance science and technology, the succession plan will ensure that leadership transitions are smooth and aligned with the strategic goals of the Institute, fostering long-term growth and sustainability.

**c) Existence of a Board Charter**

The Kenya-AIST Council operates in accordance with *Mwongozo, Code of Governance for State Corporations* ('the Code'), and is complementary to the statutory requirements of Council as contained in applicable Kenyan Laws and regulations.

**d) Process of Appointment and removal of Council Members**

Council members are appointed by the Cabinet Secretary and they hold office for a period of three years. They are eligible for re-appointment. The office of a member of the Council shall become vacant if not being an ex-officio member, where the member resigns his/her office by writing to the Cabinet Secretary.

**e) Roles and functions of the Council**

The Kenya AIST Council is the principal governing body of the Institute, vested with the authority to exercise all powers conferred upon it by the Universities Act, 2012, the Kenya-AIST Legal Order, and the Kenya-AIST Statutes. As the custodian of the Institute's governance framework, the Council plays a pivotal role in ensuring effective oversight, strategic leadership, and policy direction. It is responsible for guiding Kenya-AIST in achieving its mission of advancing scientific research and technological innovation, while fostering a culture of excellence and accountability in its operation

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

The powers and functions shall include:

- a) administering the property and funds of the Institute in a manner and for the purposes which shall promote the interests of the Institute, but shall not charge or dispose of immovable property of the Institute except in accordance with the laid down government procedures and the procedures laid down by the Statutes;
- b) on behalf of the Institute, receiving donations, endowments, gifts, grants or other moneys and make disbursements therefrom to the Institute or other bodies or persons;
- c) approving the recruitment, appointment and promotion criteria, and the terms and conditions of service of staff;
- d) oversee the recruitment of the Vice Chancellor, Deputy Vice Chancellors and other Senior Members of staff of the Institute.
- e) providing for the welfare of the staff and the students of the Institute;
- f) on behalf of the Institute, may enter into association with other universities, or other institutions of learning, whether within Kenya or abroad, as the Council may deem necessary and appropriate;
- g) on behalf of the Institute, may, make regulations governing the conduct and discipline of the students of the Institute after consultation with Senate;
- h) conferring the title of Emeritus Professor, Visiting Professors, Honorary Professor, Distinguished Professor, Singularity Professor or Honorary Fellow after receiving a report from the Senate;
- i) reviewing and approving the Statutes in accordance with the Act;
- j) approving the annual budget of the Institute and recommending it to the Ministry responsible for Information Communication and Technology and Digital Economy for implementation;
- k) making financial provisions and facilities for implementation of the functions of the Institute;
- l) after considering the recommendations of the Senate, determine all fees payable to the Institute;
- m) approving the investment of any money belonging to the Institute including any unutilized income, in such stocks, funds, fully paid shares or securities as Council

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

- may from time to time deem fit, in accordance with the general law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rents and subject to the Act with the powers of varying such investment from time to time by sale or re-investment or otherwise;
- n) subject to the laid down government procedures, the Council may approve the borrowing of money on behalf of the Institute, and for that purpose and subject to the Act, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon movable and immovable property or otherwise as the Council may deem fit;
  - o) on the recommendation of the Senate, providing in accordance with the Statutes, for the creation of new divisions, schools, departments, centers, and administrative units, or other units of learning, research and production in the Institute, and for the abolition from time to time of any such unit, and to approve the establishment, abolition or subdivision of any such unit however so described;
  - p) implementing the recommendation of the Senate on fellowships, scholarships, exhibitions, bursaries, prizes and other facilitation for study and research;
  - q) approving the terms and conditions upon which internal and external examiners shall be appointed by the Senate;
  - r) empowering committees to act jointly with any committees appointed by the Senate, provided that the Council shall not delegate to the Chairperson or to a committee the powers to approve without further reference to the Council the annual estimates of expenditure;
  - s) approving the Constitution of the Students Association and so far as is reasonably practicable, to ensure that the Students' Association operates in a fair and democratic manner and is accountable for its finances;
  - t) approving regulations governing the conduct and discipline of the staff of the Institute;
  - u) monitoring and evaluation of the implementation of strategies, policies, and the management criteria and plans of the Institute;

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

- v) reviewing the viability and financial sustainability of the Institute, and shall do so once every year;
- w) ensuring that the Institute complies with the Constitution, other relevant laws, regulations, governance practices, accounting and auditing standards;
- x) entering into association, collaboration or linkages with other bodies or organizations within or outside Kenya as the Institute may consider desirable or appropriate and in furtherance of the purpose for which the Institute is established; and
- y) performing such other duties as may be prescribed in the Act, this Charter and Statutes.

**f) Induction and Training**

Training and development programs are implemented to equip Council with the necessary skills for effective discharge of their mandate. Members have undergone a detailed induction process that enhanced their understanding of the Institute's Mandate and their obligations under all Statutes underpinning the operations and the Mwongozo Code of Governance for State Corporations. Each Council member was provided with sufficient information on appointment to enable him perform his or her duties. These included copies of:

- a) The Constitution of Kenya 2010;
- b) The Universities Act 2012;
- c) The Kenya-AIST Legal Order;
- d) The Code of Conduct and Ethics;
- e) The State Corporations Act;
- f) The Public Finance Management Act 2012;
- g) The Public Procurement and Disposal Act 2015;
- h) The Public Officer Ethics Act 2003;
- i) The Ethics and Anti-Corruption Act; and
- j) The Council calendar and work plan for the year.

**g) Council and Member performance**

Council evaluation is key in assessing the performance, efficiency and effectiveness of an organisation. The Council undertakes regular annual performance evaluations to enable it to review its strategies to ensure continuous growth and sustainability. This evaluation exercise is conducted by the State Corporation Advisory Committee (SCAC). The Council performance evaluation for the 2023/2024 financial year was scheduled on 21<sup>st</sup> August, 2024.

**h) Conflict of Interest**

Council members and staff are obligated to fully disclose and declare any potential or real conflict of interest, which comes to their attention, whether direct or indirect. At any meeting of the Institute, Council members and staff are expected to declare any interest they may have in any agenda item under discussion. In case of conflict of interest, the affected member or staff is excluded from any discussion or decision on the matter in question.

**i) Council Remuneration**

Council Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium.

**j) Ethics, Conduct and Governance Audit**

Council is committed to ensuring that a governance audit of the Institute is undertaken. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit covers the following parameters among others: -

- (a) Leadership and strategic management;
- (b) Transparency and Disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders;
- (e) Council independence and governance;

- (f) Council systems and procedures;
- (g) Consistent shareholder and stakeholders' value enhancement; and
- (h) Corporate social responsibility and investment

**i) Internal Audit and Assurance**

The Institute will establish an Internal Audit department whose main objective will be to provide assurance of the risk management, internal control and governance processes. The assurance is meant to deepen good governance practices and support the achievement of the best internal controls through continual improvement and engagement. The Institute's system of internal controls has been defined by approved policies and procedures which contain operational and financial controls that ensure that the assets are safeguarded, transactions authorized and accurately recorded. Further, they ensure that material errors and irregularities are either prevented or detected within a reasonable time.

**ii) Corruption Prevention Strategies**

As Kenya-AIST moves into full operational phase, implementing robust corruption prevention strategies is crucial for maintaining integrity and transparency. These strategies include establishing clear anti-corruption policies, enforcing strict financial controls, and promoting a culture of accountability. Kenya-AIST will also implement regular audits, provide training on ethical behavior, and encourage reporting of unethical activities. By embedding these practices into its operations, Kenya-AIST aims to build a foundation of trust and ensure that its resources are used effectively in support of its mission and objectives.

**iii) Whistle Blowing Policy**

The Institute is committed to protecting the identity and well-being of all employees and stakeholders when they provide information regarding corruption-related activities or participate in investigations towards this, the Institute will establish reporting channels through which anonymous reports on unethical/fraudulent behavior can be made without fear of retaliation from the suspected individuals. The channels will include the corruption reporting hotline, email and corruption reporting boxes erected in public spaces within the Institute.

**iv) Code of Conduct**

The Kenya Advanced Institute of Science and Technology (Kenya-AIST), as a new institution, works closely with staff from the Ministry of IC and Digital Economy (IC & DE) and Dedan Kimathi University of Technology (DeKUT). These staff members are bound by the Code of Ethics for Public Officers, as stipulated in the Public Officer Ethics Act, 2003. This code ensures that all employees adhere to the highest standards of integrity, accountability, and professionalism in their duties at Kenya-AIST.

The Code of Conduct emphasizes ethical behavior, transparency in decision-making, and the prevention of conflict of interest. It fosters a culture of responsibility and ensures that all actions taken by staff align with Kenya-AIST's mission.

**v) Risk Management**

As a new institution, Kenya-AIST recognizes the importance of a robust Risk Management Framework to safeguard its operations, financial health, and strategic goals. Effective risk management is essential in identifying, assessing, and mitigating potential risks that could disrupt the Institute's mission to advance science, technology, and innovation in Kenya

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

### **SECTION A**

#### **The entity's operational and financial performance**

On 8th July, 2022, Kenya-AIST was established as a legal entity through publication in Kenya Gazette Supplement No. 117, Legislative Supplement No. 55, under Legal Notice No. 130; and as Constituent College of Dedan Kimathi University of Technology and is therefore a very young institution.

In 2023/2024 FY, the Institute received a recurrent budget allocation in the second half of the financial year, an aspect that slowed down the operationalization process. It was in January 2024 that Kenya-AIST received its first recurrent allocation for 2023/2024 FY totaling Ksh.40M from the exchequer, under Supplementary I. This initial funding has been utilized primarily for the development of key policies and strategic frameworks essential for the institute's future operations.

Operationally, Kenya-AIST has focused on developing management and academic policies that will guide institutional management, human resource management, implementation of the academic programs, research and technology transfer. These include creating robust quality assurance protocols, operational guidelines, and strategic partnerships with established institutions to ensure a strong foundation. Although the Institute is yet to commence its full range of activities, these preparatory steps are critical for its long-term success.

Financially, the exchequer funding has provided a reliable financial base, allowing for the development of essential policies and guidelines. The initial expenditure has been prudently managed to ensure that all foundational elements are in place, setting a solid stage for future growth, and development. This prudent financial management has ensured that the Institute is well-prepared for the next phase of its establishment.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**Financial performance of the Institute as at 30<sup>th</sup> June, 2024**

The Institute continues to rely on the exchequer for funding its activities. This will later be supplemented by internally generated revenues mainly from students and research grants. During the year, the Institute received an allocation of Kshs 40,000,000 during the supplementary I budget cycle. The Institute received **Kshs. 39,794,500** from the State Department of ICT and the Digital economy. The Institute had an expenditure of **Kshs. 36,633,496** comprising of current and pending bills which resulted to a surplus of **Kshs. 3,161,004** during the year.

Through a collaborative process of management working together with staff, with the full support of the Institute Council, we have continuously worked to ensure that the Institute meets its financial obligations for sustainability and for expansion as a not-for-profit institution.

The Institute will continue to explore other sources of revenue and application of cost-cutting strategies in order to balance the limited cash flow to the high demanding budget lines. The Institute's performance is as shown in the financial statements from page 1.

**Resource Mobilisation**

Kenya AIST has explored several resource mobilization strategies by proactively engaging with various development partners to share its vision and mission and establish a baseline for future funding initiatives. As a newly established institution, we are cognizance of the shrinking exchequer allocations and therefore establishing sustainability systems in the strategic plan. Prioritization and expected impact analysis will continue to inform our allocation of financial resources while our internal systems will be enhanced for efficiency, effectiveness and accountability.

**SECTION B**

**(a) Compliance with statutory requirements**

As a newly established Institute we have established the Audit Department which will conduct quarterly statutory compliance audits and table the reports to the Audit, Risk and Compliance Committee, and subsequently to the Full Council. Further, the Institute will be audited by the Office of the Auditor General and is compliant with all her statutory requirements.

**SECTION C**

**a) Key projects/investments decision implemented/ongoing**

The construction of the Kenya Advanced Institute of Science and Technology (Kenya-AIST) campus is currently in progress; and is expected to be completed by December 2024. The campus is a flagship project under Kenya Vision 2030 jointly funded by the Government of the Republic of Korea and the Government of Kenya, an initiative that has demonstrated a strong international collaboration.

The buildings under construction include the Education Buildings, four halls of residence, and the Campus Core/Administration Building and a utility building. The Education Buildings comprise of state-of-the-art classrooms, laboratories and workshops that will contribute to quality education and research. The four halls of residence are designed to accommodate students and staff, ensuring that they have access to comfortable and conducive living environment. The Campus Core Building will serve as the central hub for administration and student services.

Kenya-AIST is therefore a major investment that is aligned with national objectives of realising the Kenya Vision 2030 and supporting BETA Economic Model of the Government of Kenya by offering quality education in science, engineering and technology; and consequently contributing to modernisation and industrialisation of Kenya. Completion of these facilities will contribute to full operationalisation of the Institute and pave way for institutional accreditation, the award of charter, and recruitment of staff and students in 2024/2025FY.

**SECTION D**

**a) Major risks facing the Institute**

The Institute's activities are exposed to a variety of financial risks including; Credit risk, Market risk and Liquidity risk. The Institute's overall risk management frameworks focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The specific details of each risk component have been discussed below:

**(i) Credit risk**

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due resulting in financial loss to the Institute. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute Management based on prior experience and their assessment of the current economic environment. Credit risk on liquid funds with financial institutions is low because the counterparties are banks with high credit ratings and students whose balances are manageable since students are not allowed to sit for examinations or graduate with outstanding fees balances.

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Institute Council sets the credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Liquidity risk is the risk to the Institute's financial condition or safety and soundness arising from her inability (whether real or perceived) to meet her conditional obligation. To manage this risk, Kenya-AIST ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. The Institute manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

Ultimate responsibility for liquidity risk management rests with the entity's management, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements.

**(iii) Market risk**

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Institute's Internal Audit Department will be responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee of Council) and for the day to day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Effective risk management and control are essential pillars for the sustainable growth of the Institute. The role of risk management is to evaluate, respond to, and monitor risks in the execution of our strategy. The Institute Council is responsible for determining the system of internal control operated by the Institute and for monitoring its adequacy and effectiveness. Risk management is also a significant ongoing part of the Institute's system of internal control.

The Institute plans to implement a global risk-based approach to the design, application and review of its risk management systems and internal controls. The risk assessment practices will be incorporated into planning, budgeting and financial reporting processes through risk registers which have been developed for all of the Institute operations. The risk register identifies, evaluates and manages all the material risks facing the Institute. A department that deals with Audit risk and compliance will be operationalized in the 2024/2025 financial year.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

The Institute's objectives for Audit Risk and Compliance are:

1. Promoting constructive change and accountability through continuous appraisal of internal controls, processes and procedures.
2. Managing the principal risks to the efficient and effective achievement of the Institute's aims and objectives.
3. Determining that systems have been established to ensure compliance with policies, procedures, plans, laws, regulations and controls.

The Institute Council accepts that it is neither possible nor desirable to build a control environment that is free from risk. The Institute's system of internal control therefore only provides reasonable but not absolute assurance over the governance, operational, compliance, management, reputational and financial risks to the Institute. The Institute has and continues to establish policies and supporting structures designed to prevent and detect corruption, fraud, bribery and other irregularities.

Kenya-AIST's Council recognises that risk management cannot eliminate all risk, particularly where risks are outside the Institute's control. The Institute is in the process of establishing the following processes in order to review the adequacy and effectiveness of the system of internal control:

- Each operational unit in the Institute will assess risks inherent in its operations and records them in the risk register.
- The Institute's Risk Working Committee will aggregate all risks to an Institute wide register and will be in charge of implementing the Enterprise Risk Management initiative.
- The Institute Council is scheduled to meet at least four times in the year to discuss reports on audit, risk and compliance
- The Council will regularly review the effectiveness of the Institute's system of internal control risk management and compliance to ensure systems have generally operated as intended up to the date of approval of the audited financial statements.
- The Institute will monitor areas of high risk and set in place a programme of activities to minimize the impact of these risks.

**SECTION E**

**Material arrears in statutory/financial obligations**

The Institute management makes all efforts to ensure that all financial obligations are paid when they fall due but at the close of the financial year, the Institute owes sundry creditors Kshs. 8,045,770.

**SECTION F**

**The entity's financial probity and serious governance issues**

Kenya-AIST operates in an open environment and has not had any financial improbity or conflict of interest among the management and the Council members.

**10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

**i) Sustainability strategy and profile**

The Institute is committed to entrenching sustainability strategies in all its operations. In addition, the Corporate Social Responsibility plan will promote the Institute's commitment to operate in an economically, socially, and environmentally sustainable manner while recognizing the interests of its stakeholders.

**ii) Environmental performance**

The Institute is located in Konza Technopolis, which is a hot and arid zone. Kenya-AIST recognizes environmental sustainability as one of the major challenges of the 21st century and commits to ensuring that all essential operations consider the impact on the environmental. In addition, we note that Kenya-AIST will work collaboratively with KoTDA, the agency that is responsible of ensuring that the Technopolis is a smart and green city.

**iii) Employee welfare**

At Kenya-AIST, the recruitment process will be guided by the **approved HR Procedures Manual and the Career guidelines**, ensuring transparent, merit-based hiring practices that promote **gender diversity** and inclusivity. We aim for at least 30% gender representation in all roles and regularly engage with stakeholders, including industry and academic partners, to align our hiring with sector needs. These policies will be reviewed regularly to stay competitive and relevant.

Kenya-AIST will support continuous staff professional development through training, mentorship, and career advancement opportunities, complemented by a performance appraisal system that will emphasize on regular feedback, goal setting, and recognition through promotions and rewards. Additionally, as a public institution, Kenya-AIST employees will be required to sign performance contracts to set clear goals for staff, ensuring accountability and productivity. In compliance with the 20th Cycle Performance Contracting Guidelines for the Year 2023/24 on Productivity Mainstreaming, Kenya-AIST is committed to fostering a culture of productivity. A Productivity Mainstreaming Committee will be appointed to spearhead the development and implementation of strategies aimed at enhancing productivity across all departments. These efforts will align with the Kenya-AIST performance contracting framework, ensuring accountability, goal-setting, and continuous improvement in line with national public service requirement

Kenya-AIST is committed to complying with the Occupational Safety and Health Act (OSHA) of 2007, implementing regular safety audits, training, and form an active OSH committee to ensure a safe work environment. Safety policies are reviewed regularly to maintain high standards

**iv) Market place practices-**

The Institute Council and Management will establish a cordial relationship with stakeholders including staff, students, the private sector, government agencies and suppliers of goods and services. Consequently, promote fair trade practices.

**a) Responsible competition practice**

Kenya-AIST is a public institution that respects the rights of all individuals including stakeholders. The Institute will endeavour to establish and maintain a fair competition policy and maintain respect for diverse opinions.

**b) Responsible Supply Chain and Supplier relations**

The Institute complies with the regulations and guidelines provided by the Public Procurement Regulatory Authority on all matters of procurement, supply chain and supplier relations; and has adopted best practices in its engagement with suppliers by performing the following:

- i. Carrying out pre-qualification of suppliers,
- ii. Promoting transparency and competitiveness in the tendering process,
- iii. Compliance with the law in procurement,
- iv. Prompt settlement of supplier accounts, and
- v. Timely resolution of supplier complaints.

**c) Responsible marketing and advertisement**

The Institute will market its academic programs, research outputs/innovations and services using approaches that are ethical and fair.

**d) Product stewardship**

The Institute endeavours to provide an academically stimulating, culturally diverse and quality learning and research environment that fosters quality research, innovation and technology development and transfer.

All the academic programmes will undergo an accreditation process guided by the Commission for University Education and vetted by the applicable regulatory and professional bodies. Product stewardship will be a guiding principle in the design, production, sale and use of goods and services produced by Kenya-AIST and for Kenya-AIST.

**v. Corporate Social Responsibility / Community engagements**

Kenya-AIST academic programmes and expected research outputs and outcomes are designed to positively impact the society. Secondly, the Institute will establish community outreach programmes with a goal of engaging the surrounding communities variously through staff and students' organisations and research dissemination for among others. In 2023/2024FY, the Institute participated in a tree planting exercise organised by the Ministry of Information, Communication and the Digital Economy in Nandi County on 10<sup>th</sup> May 2024.

## **11. REPORT OF THE COUNCIL MEMBERS**

The Council members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Institute's affairs.

### **i. Principal activities**

The principal activities of the Institute are as follows: -

The principal activities of the Kenya-AIST are to:

- (a) implement an organizational structure that supports the attainment of the Institute's goals;
- (b) develop and maintain an all-post graduate institution of higher learning offering high quality university education for the benefit of the learners and the Country;
- (c) educate highly skilled scientists and engineers at the Masters and Doctorate levels with theoretical and practical knowledge to foster future industries in Kenya and beyond;
- (d) conduct research and development at national level to improve Kenya's national competitiveness and accelerate industrial growth;
- (e) create social and economic values to improve the quality of life of the Kenyan people through various forms of education; and research and development cooperation;
- (f) establish partnerships and linkages with other local, regional and international universities, research institutions and industry;
- (g) recruit, retain and support the highest quality academic and administrative staff;
- (h) develop, review and implement academic programmes and determine methods of instruction and research;
- (i) develop and manage the Institute's land, facilities and equipment to support the goals of the Institute;
- (j) provide appropriate facilities to promote students and staff welfare and wellbeing;
- (k) provide appropriate learning materials, including books, journals and e-resources;
- (l) provide adequate equipment and facilities for high quality education including classrooms, library resources, laboratories, research facilities, and buildings to support various programmes;

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

- (m) Initiate and award fellowships, scholarships, bursaries, prizes and other such incentives to aid study, research and outreach activities;
- (n) participate in educational conferences, seminars and workshops and other research dissemination programmes;
- (o) develop commercial applications of intellectual property rights, licensing and commercialization of the intellectual property for the benefit of the Institute and the society;
- (p) Align the Institute's research objective with the Government's development goals; and mobilise funds for the programmes;
- (q) providing any other services as may be prescribed by the Act, the Charter and the Statutes.

**ii. Results**

The results of the Institute for the Year ended June 30, 2024 are set out from **page 1 to 49**

**iii. Council Members**

The Council members who served during the year are as shown on **page xii - xviii**. During the year, the Council had five independent members who were appointed on 23<sup>rd</sup> May, 2023 for three years.

**iv. Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year.

As per the PFM ACT Regulation 211 (4) Kenya-AIST is categorised as a public university that is fully or partially funded through the national government budget thus not required to remit surplus to the Consolidated Fund. The Institute had an operating surplus of Kshs. 3,161,004, which was utilised to purchase assets in the 2023/24 financial year.

**v. Auditors**

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

By Order of the Council



.....  
Prof. Jennifer W. Khamasi, EBS.

Ag. Principal & Secretary to the Council, Kenya-AIST

## **12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES**

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

The Institute Council is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the year ended on 30/06/2024. This responsibility includes:

1. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
2. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
3. 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;
4. safeguarding the assets of the Institute;
5. selecting and applying appropriate accounting policies; and
6. making accounting estimates that are reasonable in the circumstances.

The Institute Council accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and.

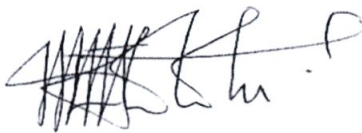
The Institute Council is of the opinion that the Institute's financial statements give a true and fair view of the state of the Institute's transactions during the financial period, and of the Institute's financial position as at that date.

The Institute Council further confirms the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the *Institute's* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Institute's financial statements were approved by the Council on 26<sup>th</sup> September, 2024 and signed on its behalf by:

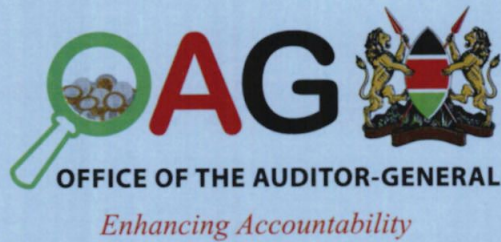


.....  
**Prof. Emmanuel Mutisya**  
**Kenya-AIST Council Chairman**



.....  
**Prof. J. W. Khamasi. EBS**  
**Ag. Principal, Kenya-AIST**

# REPUBLIC OF KENYA



Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2024**

---

### PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

#### **Opinion**

I have audited the accompanying financial statements of Kenya Advanced Institute of Science and Technology set out on pages 1 to 51, which comprise of the statement of

financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Advanced Institute of Science and Technology as at 30 June, 2024, 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 Kenya Advanced Institute of Science and Technology order, 2022 under the Universities Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Advanced 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 opinion.

### **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. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **Delay in Operationalizing the activities of Kenya Advanced Institute of Science and Technology**

Kenya-AIST began its operations in June, 2023. Review of the entity information disclosed in the financial statements revealed that the key management of the Kenya Advanced Institute of Science and Technology (Kenya-AIST) were appointed on diverse dates. The Acting Principal was appointed in July, 2022 and the six Council Members were appointed in May, 2023. Further, the proposed Charter was submitted to the Commission of University Education (CUE) for approval in August 2022. However, Kenya-AIST received its first recurrent budget from the exchequer of Kshs.39,794,500 in January, 2024 through the Ministry of Information Communication and the Digital Economy, via a supplementary budget. The amount was used to pay staff. Further, the Institutional structure, staff establishment and grading structure were approved by the

Public Service Commission in April, 2024. In addition, Kenya-AIST had not relocated to Konza at the time of audit in December, 2024.

Management attributed the delay in relocating to the following:

- (i) Delay in completion and handover of the Kenya-AIST campus
- (ii) lack of an ERP, web portal and digital library systems to manage its operations.
- (iii) Delay in obtaining accreditation of its academic programmes.

In the circumstances, the achievement of the objectives of establishing the Kenya-AIST remain doubtful.

### **Other Information**

Management is responsible for the other information set out on page iii to iv which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Ag. Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Council Members and Statement of Council Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Advanced 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 and I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Ownership Documents of the Kenya-AIST Assets**

Review of the handover report by the Ad Hoc Committee on transfer of Kenya-AIST from Ministry of Education to Ministry of ICT and Digital Economy dated 30 May, 2023 revealed

that assets worth Kshs.36,712,000 were transferred to Kenya-AIST. However, the ownership of these assets has not been transferred to the custody of Kenya-AIST. Management attributed the lack of ownership documents to incomplete handover process of the assets.

In the circumstances, the ownership of the assets balance of Kshs.36,712,000 could not be confirmed.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion.**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, excepts for the effect of the matter described in the Basis for Conclusion on the 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**

#### **Failure to Constitute an Internal Audit Unit and Audit Committee**

During the year under review, the Institute had not constituted an audit committee and an internal audit unit as required by Regulations 166 (1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which require the internal audit unit of a National Government entity to assess effectiveness of the Institution through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury. Management attributed the failure to set up the Internal audit committee to delay in operationalizing the Kenya-AIST activities as a mitigation measure the Institute has written to Dedan Kimathi University of Technology and State Department for ICT and the Digital Economy requesting for secondment.

In the circumstances, the Institution did not benefit from the oversight role and advice from the audit committee and the internal audit function.

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

### **Responsibilities of Management and the Council**

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

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

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

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

The Council 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 of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**27 December, 2024**

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE, 2024**

	Notes	2023-2024	2022-2023
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from Government	6	39,794,500	0
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>39,794,500</b>	<b>0</b>
<b>Expenses</b>			
Use of Goods and Services	10	44,507	0
Employee Costs	11	13,866,103	0
Remuneration of Council	12	6,771,467	0
Depreciation and Amortization	13	0	0
Repairs and Maintenance	14	0	0
Contracted Services	15	0	0
Academic costs	16	1,053,922	0
General Expenses	17	14,905,098	0
<b>Total expenses</b>		<b>36,641,096</b>	<b>0</b>
<b>Surplus/(deficit) for the Period</b>		<b>3,161,004</b>	<b>0</b>

The notes set out on pages 5 to 39 form an integral part of these Financial Statements. The Financial Statements set out on pages 5 to 39 were signed on behalf of the Institute Council by:



**Prof. J. W. Khamasi, EBS**  
Accounting Officer

Date: 11<sup>th</sup> Dec, 2024



**CPA. Robert Ngatia**  
Accountant  
ICPAK Mbr. No. 11315

Date: 11<sup>th</sup> Dec, 2024




**Prof. Emmanuel Mutisya**  
Chairman of Council

Date: 11<sup>th</sup> Dec, 2024


15. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2024


	Notes	2023-2024	2022-2023
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash & cash equivalents	18(a)	6,988,826	0
Receivables from Exchange Transactions	19	546,258	
		<u>7,535,084</u>	<u>0</u>
<b>Non-current assets</b>			
Property Plant and Equipment	20	3,671,690	0
Work in Progress	21	0	0
		<u>3,671,690</u>	<u>0</u>
<b>Total assets</b>		<u>11,206,774</u>	<u>0</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	23	8,045,770	0
<b>Total liabilities</b>		<u>8,045,770</u>	<u>0</u>
<b>Net asset</b>		<u>3,161,004</u>	<u>0</u>
Accumulated surplus	25	3,161,004	0
Revaluation reserve	26	0	0
Capital fund	27	0	0
<b>Total net assets and liabilities</b>		<u>3,161,004</u>	<u>0</u>

The Financial Statements set out on pages 1 to 35 were signed on behalf of the Institute Council by:

  
Prof. J. W. Khamasi, EBS  
Accounting Officer

Date: 11<sup>th</sup> Dec, 2024

  
CPA. Robert Ngatia  
Accountant  
ICPAK Mbr. No. 11315  
Date: 11<sup>th</sup> Dec, 2024

  
Prof. Emmanuel Mutisya  
Chairman of Council  
Date: 11<sup>th</sup> Dec, 2024

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2024**

	Capital Fund	Revaluation reserve	Accumulated Surplus	Total
<b>Balance as at 01/07/2022</b>	0	0	0	<u>0</u>
Surplus/(deficit) for the period	0	0	0	0
Revaluation additions	0	0	0	0
Capital development grants	0	0	0	0
Capital Donation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30/06/2023</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance as at 01/07/2023</b>	0	0	0	<u>0</u>
Surplus/(deficit) for the period	0	0	3,161,004	3,161,004
Revaluation additions	0	0	0	<u>0</u>
Capital development grants	0	0	0	<u>0</u>
Capital Donation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30/06/2024</b>	<u>0</u>	<u>0</u>	<u>3,161,004</u>	<u>3,161,004</u>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

**17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2024**

	2023-2024	2022-2023
	KShs	KShs
<b>Cash-flows from operating activities</b>		
<b>Receipts</b>		
Transfers from Government	39,794,500	0
<b>Total Receipts</b>	<b><u>39,794,500</u></b>	<b><u>0</u></b>
<b>Payments</b>		
Use of Goods and Services	44,507	0
Employee Costs	7,869,976	0
Remuneration of Council	6,970,325	0
Repairs and Maintenance	0	0
Contracted Services	0	0
Academic costs	1,053,922	0
General Expenses	13,195,255	0
<b>Total Payments</b>	<b><u>29,133,984</u></b>	<b><u>0</u></b>
<b>Net cash flows from operating activities</b>	<b>10,660,516</b>	<b>0</b>
<b>Cash-flows from investing activities</b>		
Investing in fixed assets	(3,671,690)	0
<b>Net cash-flows from investing activities</b>	<b><u>(3,671,690)</u></b>	<b><u>0</u></b>
<b>Cash-flows from financing activities</b>		
Development grant	<u>0</u>	<u>0</u>
<b>Net cash-flows used in financing activities</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,988,826</b>	<b>0</b>
<b>Opening cash and cash equivalent</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Closing cash and cash equivalent</b>	<b><u>6,988,826</u></b>	<b><u>0</u></b>

The Financial Statements set out on pages 1 to 35 were signed on behalf of the Institute Council by:



**Prof. J. W. Khamasi, EBS  
Accounting Officer**

**Date: 11<sup>th</sup> Dec, 2024**



**CPA. Robert Ngatia  
Accountant  
ICPAK Mbr. No. 11315**

**Date: 11<sup>th</sup> Dec, 2024**



**Prof. Emmanuel Mutisya  
Chairman of Council**

**Date: 11<sup>th</sup> Dec, 2024**

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>						
Transfers from Government	40,000,000	0	40,000,000	39,794,500	(205,500)	99
<b>Total income</b>	<b>40,000,000</b>	<b>0</b>	<b>40,000,000</b>	<b>39,794,500</b>	<b>(205,500)</b>	<b>99</b>
<b>Expenses</b>						
Use of Goods and Services	250,000	0	250,000	44,507	(205,494)	18
Employee Costs	14,150,000	0	14,150,000	13,866,103	(283,897)	98
Remuneration of Council	7,000,000	0	7,000,000	6,771,467	(228,533)	97
Depreciation and Amortization	0	0	0	0	0	0
Repairs and Maintenance	150,000	0	150,000	-	(150,000)	-
Contracted Services	100,000	0	100,000	-	(100,000)	-
Academic costs	1,000,000	0	1,000,000	1,053,922	53,922	105
General Expenses	14,500,000	0	14,500,000	14,905,098	405,098	103
Purchase of Assets	2,850,000	0	2,850,000	3,671,690	821,690	129
<b>Total expenditure</b>	<b>40,000,000</b>		<b>40,000,000</b>	<b>40,305,186</b>		
<b>Surplus / (Deficit) for the period</b>				<b>(510,686)</b>		

**Budget notes**

1. *Provide explanation of differences between actual and budgeted amounts for significant under/ over utilisations IPSAS 24.14*
  - *The difference between the Use of Goods and Services actual and budgeted amounts is due to the planned utilities costs that were not incurred since the Institutes offices and houses were not handed over in the year. Thus, the expense was not incurred as anticipated leading to under expenditure.*
  - *The difference between the Purchase of assets actual and budgeted amounts is due the payments made for assets that were procured when the Kenya -AIST project was in the Ministry of Education and whose invoices were received in the financial year as pending bills leading to an over expenditure.*
2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
  - *There is no difference between the original and final budget.*
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis; statement of financial performance is accrual) provide a reconciliation.*
  - *The total of actual on comparable basis ties to the statement of financial performance totals.*

**19. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

Kenya Advanced Institute of Science and Technology (Kenya-AIST), was established as a legal entity through publication in Kenya Gazette Supplement No. 117, Legislative Supplement No. 55, under Legal Notice No. 130; and as Constituent College of Dedan Kimathi University of Technology on 8th July 2022; and is therefore a new institution. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya.

**2. Statement of Compliance and Basis of Preparation**

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to the year presented.

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

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

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

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and Cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of</p>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

Standard	Effective date and impact:
	<p>PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

Standard	Effective date and impact:
	<p>statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

*iii. Early adoption of standards*

The Institute did not early – adopt any new or amended standards in financial year 2023/2024.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Fees, taxes and fines**

The Institute recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

###### ***Rendering of services***

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

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

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 Institute.

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

**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 National Assembly on *June 2023*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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 page 4 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Institute operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable

tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Sales tax**

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

- i) 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
- ii) 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 their 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 a 30-year period.

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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

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.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. 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 Institute 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 so as 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 Institute 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 Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**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.

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

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.

**h) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) 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 Institute 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

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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.

*a) Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

**Classification of financial assets**

The entity 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 entity'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 cash flows 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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity 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.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**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.

**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.

**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 entity 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.

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**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

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

**k) Provisions**

Provisions are recognized when the Entity 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 Entity 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.

**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 Institute did not have any social benefit expenses in the year.

***m) Contingent liabilities***

The Entity 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.

***n) Contingent assets***

The Entity 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 Entity 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.

***o) Nature and purpose of reserves***

The Entity creates and maintains reserves in terms of specific requirements.

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

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

***q) Employee benefits***

**Retirement benefit plans**

The Institute will operate a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the Institute. The Institute will also contribute to the National Social Security Fund (NSSF) Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the Institute are charged to the income statement during the year in which they relate

**r) 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.

**s) 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.

**t) Related parties**

The Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institute, or vice versa. Members of the Institute Council, Institute Management and the Institute Senate are regarded as related parties.

**u) Service concession arrangements**

The Institute 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 Institute 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

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v) 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 period. 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 period.

**w) Comparative figures**

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

**x) 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, 2024.

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

The preparation of the Entity'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. State all judgements, estimates and assumptions made: e.g.

**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 period, are described below. The Entity 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 Entity. 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:

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**Going Concern**

The Institute Council and Management have assessed the Institute's ability to continue operating in the future and have adopted strategies to ensure that the Institute remain a going concern for the next twelve months from the date of this statement and beyond.

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Un conditional grants</b>		
Ministry grants recurrent	39,794,500	0
Supplementary grants		
<b>Total government grants and subsidies</b>	<u>39,794,500</u>	<u>0</u>

**b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)**

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2023/2024	Prior year
			KShs	KShs	KShs
Ministry of Information, Communication & the Digital Economy - State Department for ICT&DE	39,794,500	0	0	39,794,500	0
<b>Total</b>	<u>39,794,500</u>	<u>0</u>	<u>0</u>	<u>39,794,500</u>	<u>0</u>

Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RENDERING OF SERVICES

Description	2023-2024	2022-2023
	KShs	KShs
Tuition and other fees	0	0
Short courses (CPDS)	<u>0</u>	<u>0</u>
<b>Total revenue from the rendering of services</b>	<u>0</u>	<u>0</u>

8 FINANCE INCOME

Description	2023-2024	2022-2023
	KShs	KShs
Interest from call deposit	<u>0</u>	<u>0</u>
<b>Total finance income-external investments</b>	<u>0</u>	<u>0</u>

9 OTHER INCOME

Description	2023-2024	2022-2023
	KShs	KShs
Miscellaneous income	0	0
Research grants	<u>0</u>	<u>0</u>
<b>Total other income</b>	<u>0</u>	<u>0</u>

10 USE OF GOODS AND SERVICES

Description	2023-2024	2022-2023
	KShs	KShs
Electricity expenses	0	0
Water expenses	0	0
Utensils and Crockery	0	0
Bank charges/ interest	44,507	0
Contracted professional services	0	0
Internet services	0	0
Subscription to professional bodies	0	0
Gas and fuel	0	0
Fumigation Services	0	0
Marketing Expenses	0	0
Security Expenses	0	0
<b>Total good and services</b>	<u>44,507</u>	<u>0</u>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 EMPLOYEE COSTS**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Basic Salaries	6,538,397	0
House allowances	1,702,579	0
House to Office allowance	0	0
Other personal allowances	4,523,828	0
Leave allowance	0	0
Pension (employer)	980,759	0
NSSF (Employer)	23,760	0
Gratuity	0	0
Casual workers	0	0
Passage and baggage	0	0
NITA Training Levy	150	0
Graduate Assistants Stipend	0	0
Housing Levy-Employer	96,630	0
<b>Employee costs</b>	<b><u>13,866,103</u></b>	<b><u>0</u></b>

**12 COUNCIL EXPENSES**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Council Sitting Allowances	2,280,000	0
Council Travelling & other Allowance	1,905,234	0
Council Chairman Honoraria	1,203,364	0
Council Training	1,368,521	0
Council Insurance	6,748	0
<b>Total director emoluments</b>	<b><u>6,763,867</u></b>	<b><u>0</u></b>

**13 DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	<u>0</u>	<u>0</u>
<b>Total depreciation and amortization</b>	<b><u>0</u></b>	<b><u>0</u></b>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Maintenance of computers/ printer	0	0
Maintenance of Buildings	0	0
Maintenance Water and sewerage	0	0
Maintenance of roads/grounds	0	0
Maintenance Vehicle	0	0
Maintenance of Furniture & equipment	<u>0</u>	<u>0</u>
<b>Total repairs and maintenance</b>	<b><u>0</u></b>	<b><u>0</u></b>

**15 CONTRACTED SERVICES**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Contracted Security Services	0	0
Legal expenses	0	0
Hygiene Services	0	0
Cleaning Services	0	0
Ground Maintenance Services	<u>0</u>	<u>0</u>
<b>Total contracted services</b>	<b><u>0</u></b>	<b><u>0</u></b>

**16. ACADEMIC COSTS**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
CUE Institutions Accreditations	0	0
Charter Application Expense	1,053,922	0
Library books/E-library/journals	0	0
External examinations	0	0
Attachment expenses	0	0
Teaching materials	0	0
Field courses/Academic Trips	0	0
Examination Materials	0	0
CUE Quality Assurance Expenses	0	0
Curriculum Development	0	0
Purchase of Graduation Gowns	0	0
Graduation expenses	<u>0</u>	<u>0</u>
<b>Total academic costs</b>	<b><u>1,053,922</u></b>	<b><u>0</u></b>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**17. GENERAL EXPENSES**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Vehicle fuel and oil	0	0
Travelling and accommodation	5,857,853	0
External travelling	2,254,360	0
Postage & Courier expenses	15,075	0
Telephone expenses	12,100	0
Purchase of uniforms	0	0
Publishing & Printing	0	0
Conferences, Workshops and seminars	5,450,785	0
Stationery and stores	30,057	0
Advertising and Publicity	458,500	0
Audit Fee	180,000	0
Licences and Levies	0	0
Training expenses	242,350	0
Catering & Hospitality	404,018	0
Cleaning materials	0	0
Newspapers	0	0
ICT infrastructure and maintenance	0	0
Vehicle licenses & insurance	0	0
Performance Contract	0	0
Rent and rates	0	0
Staff Welfare	0	0
Institute Public Functions	0	0
Corporate Social Responsibility	0	0
Alumni association	0	0
Exchange Programme	0	0
Work Permits	0	0
Affiliation Associations	0	0
Patents & Copyrights	0	0
Counselling Expenses	0	0
Sports and Games	0	0
<b>Total general expenses</b>	<b><u>14,905,098</u></b>	<b><u>0</u></b>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. (a) CASH AND CASH EQUIVALENTS**

Description	2023-2024	2022-2023
	KShs	KShs
Current Account	6,988,826	0
<b>Total cash and cash equivalents</b>	<b>6,988,826</b>	<b>0</b>

**18 (b) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
Kenya commercial bank	1318899370	6,888,826	0
National Bank	01071263205200	100,000	0
Cash balances	0	0	0
<b>Sub- total</b>		<b>6,988,826</b>	<b>0</b>

**19. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2023-2024	2022-2023
	KShs	KShs
Student debtors	0	0
Provision for doubtful debt	0	0
	0	0
Prepayments	546,258	0
Sundry debtors	0	0
Utility deposits	0	0
<b>Total Exchange transactions</b>	<b>546,258</b>	<b>0</b>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19.(b) AGEING ANALYSIS FOR RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	546,258	100%	0	0%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total (a+b)</b>	<b><u>546,258</u></b>		<b><u>0</u></b>	

**19(c) RECEIVABLES FROM NON-EXCHANGE CONTRACTS**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current receivables</b>		
Capitation Grant	0	0
Development Grant	<u>0</u>	<u>0</u>
<b>Total current receivables</b>	<b><u>0</u></b>	<b><u>0</u></b>

**19.(d) RECONCILIATION FOR IMPAIRMENT ALLOWANCE ON RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Impairment Allowance/ Provision	2023-2024	2022-2023
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	<b><u>0</u></b>	<b><u>0</u></b>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Motor vehicles	Computers	Plant and machinery)	Tractor	Furniture and equipment	Capital Work in progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
<b>Depreciation rates</b>	NIL	2%	25%	30%	12.5%	37.5%	12.5%	NIL	
<b>Cost</b>									
<b>At 30<sup>th</sup> June 2022</b>	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Valuation	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	0	0	0	0	0	0	0	0	0
Additions	0	0	0	3,671,690	0	0	0	0	3,671,690
Disposals	0	0	0	0	0	0	0	0	0
Valuation	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2024</b>	0	0	0	3,671,690	0	0	0	0	3,671,690
<b>Depreciation and impairment</b>									
<b>At 30<sup>th</sup> June 2022</b>	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	0	0	0	0	0	0	0	0	0

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

Depreciation	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
<b>At 30th June 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book values</b>									
<b>At 30<sup>th</sup> June 2024</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,671,690</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,671,690</u>
<b>At 30<sup>th</sup> June 2023</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**NOTE:**

Out of the assets that were paid for in the FY 2023/2024 are assets acquired by the Ministry of Education in the FY 2022/2023 whose payment was paid in FY 2023/2024 as a pending Bill. The assets comprise of Camera, Printer, Projector and Mac Book and are still in the custody of the Ministry of Education.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. WORK-IN PROGRESS

Description	Description	BAL B/F	ADDITIONS	TOTAL
		KShs	KShs	KShs
Construction of Kenya-AIST Campus Buildings	Buildings	0	0	0
Equipment	Equipment	0	0	0
Digital Library & ERP	Software	0	0	0
Balance c/d		<u>0</u>	<u>0</u>	<u>0</u>

22. INTANGIBLE ASSETS-SOFTWARE

Description	2023-2024	2022-2023
	KShs	KShs
Cost		
At beginning of the year/ period	0	0
Additions	0	0
At end of the year/ period	0	0
Amortization and impairment		
At beginning of the year/ period	0	0
Amortization	0	0
At end of the year/ period	0	0
Impairment loss	0	0
At end of the year/ period	0	0
NBV	0	0

23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2023-2024		2022-2023	
	KShs		KShs	
Trade payables	7,865,770		0	
Provisions (audit fees)	180,000		0	
Research grants	0		0	
<b>Total trade and other payables</b>	<b><u>8,045,770</u></b>		<b><u>0</u></b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	8,045,770	100%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	2%

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24. EMPLOYEE BENEFIT OBLIGATIONS**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2023-2024	2022-2023
	KShs	KShs	KShs	KShs	KShs
Pension arrears	0	0	0	0	0
Salary deductions	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**25. ACCUMULATED SURPLUS / (DEFICIT)**

Description	2023-2024	2022-2023
	KShs	KShs
Balance B/F	0	0
Institute Surplus / (deficit) for the period	3,161,004	0
Balance C/D	<u>3,161,004</u>	<u>0</u>

**26. REVALUATION ACCOUNTS**

Description	2023-2024	2022-2023
	KShs	KShs
Balance B/F	0	0
Addition in the period	0	0
Balance C/D	<u>0</u>	<u>0</u>

**27. CAPITAL FUND**

Description	2023-2024	2022-2023
	KShs	KShs
Balance B/F	0	0
Donation	0	0
Development fund	0	0
Balance C/D	<u>0</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. CASH GENERATED FROM OPERATIONS

Description	2023-2024	2022-2023
	KShs	KShs
Surplus for the period before tax	3,161,004	0
Adjusted for:		
Depreciation	0	0
Gain/(loss) on Revaluation	0	0
	3,161,004	0
Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	(546,258)	0
Increase in payables	8,045,770	0
Net cash flow from operating activities	<u>10,660,516</u>	<u>0</u>

29. TAXATION

	2023-2024	2022-2023
	KShs	KShs
At beginning of the period	0	0
Income tax charge for the period	0	0
Under/(over) provision in prior period	0	0
Income tax paid during the period	0	0
	=====	=====
At end of the period	<u>0</u>	<u>0</u>
	=====	=====

30. Financial Risk Management

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

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

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

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

**i) Credit risk**

The Institute will have exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management will assess the credit quality of each customer, taking into account its financial position, experience and other factors. Individual risk limits are set based on internal or external assessments following limits set by the council. The amounts that will be presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute's management based on prior experience and their assessment of the current economic environment.

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	546,258	546,258	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	6,988,826	6,988,826	0	0
<b>Total</b>	<b>7,535,084</b>	<b>7,535,084</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Council sets the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2024</b>				
Trade payables	180,000	7,865,770	0	8,045,770
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>180,000</b>	<b>7,865,770</b>	<b>0</b>	<b>8,045,770</b>

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2023</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**iii) Market risk**

The Institute will put in place an internal audit function to assist it in assessing the risk faced by the Institute on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Institute's internal audit Department will be responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Committee of Council) and for the day-to-day implementation of those policies. There has been no change to the Institute's exposure to market risks or the way it manages and measures the risk.

**iv) Foreign Currency risk**

The Institute will have transactional currency exposures. Such exposure will arise through purchases of goods and services that will be done in currencies other than the local currency. Invoices denominated in foreign currencies will be paid after 30 days from the date of the invoice and conversion at the time of payment will be done using the prevailing CBK exchange rate. The Institute will manage foreign exchange risk from

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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

The carrying amount of the Institute's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>			
<b>Financial Assets</b>	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Foreign currency sensitivity analysis**

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>			
<b>Financial Assets</b>	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

The following table demonstrates the effect on the Institute's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY</b>			
Euro	10%	0	0
USD	10%	0	0
<b>Previous FY</b>			
Euro	10%	0	0
USD	10%	0	0

**v) Interest rate risk**

Interest rate risk is the risk that the Institute's financial condition may be adversely affected as a result of changes in interest rate levels. The Institute's interest rate risk arises from bank deposits. This exposes the Institute to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Institutes' deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The Institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

---

xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Institute's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Institute considers relevant and observable market prices in its valuations where possible.

**Kenya Advanced Institute of Science and Technology**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024**

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June (Current FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	0	0	0	0
<b>Non- Financial Assets</b>				
Investment Property	0	0	0	0
Land And Buildings	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 30<sup>th</sup> June (Previous FY)</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	0	0	0	0
<b>Non- Financial Assets</b>				
Investment Property	0	0	0	0
Land And Buildings	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**vi) Capital Risk Management**

The objective of the Institute's capital risk management is to safeguard the Institute's ability to continue as a going concern. The Institutes capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	3,161,004	0
Capital Reserve	0	0
<b>Total Funds</b>	<b>3,161,004</b>	<b>0</b>
Total Borrowings	8,045,770	0
Less: Cash and Bank Balances	(6,988,826)	0

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

Net Debt/(Excess Cash And Cash Equivalents)	1,056,944	0
<b>Gearing</b>	<b>33%</b>	<b>0.0%</b>

**31. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Council Members

**Related Party Disclosures**

	2023-2024	2022-2023
	KShs	KShs
Transactions with related parties		
a) Grants from the Government		
Grants from the National Government	39,794,500	0
Grants from the County Government	0	0
Donations in kind	0	0
<b>Total Received</b>	<b>39,794,500</b>	<b>0</b>
b) Council Members		
Council' emoluments	6,763,867	0
Compensation to the CEO	5,925,694	0
c) Compensation to key management	0	0
<b>Total Paid</b>	<b>12,689,561</b>	<b>0</b>

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

**32. Segment Information**

Kenya Advanced Institute of Science and Technology does not operate in different geographical regions or in departments, thus not subject to IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments

**33. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

	2023-2024	2022-2023
<b>Contingent Assets</b>	<b>KShs</b>	<b>KShs</b>
Insurance Reimbursements	0	0
Assets Arising from Determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Receivables From Other Government Entities	0	0
Others (Specify)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**Contingent Liabilities**

	2023-2024	2022-2023
	<b>KShs</b>	<b>KShs</b>
<b>Contingent Liabilities</b>	<b>0</b>	<b>0</b>
Court Case against the Entity	0	0
Bank Guarantees in Favour of Subsidiary	0	0
Contingent Liabilities arising from Contracts Including PPPs	0	0
Others (Employment cases)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

As at 30th June 2024, the Institute did not have any litigations thus no contingent asset of liability is expected

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**34. Capital Commitments**

<b>Capital Commitments</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Authorised for	0	0
Authorised and contracted for	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments maybe those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**35. Events after the Reporting Period**

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

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

**36. Ultimate and Holding Entity**

The Institute is a State Corporation under the Ministry of Information Communication and the Digital Economy. Its ultimate parent is the Government of Kenya.

**37. Currency**

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

**20. APPENDICES**

**Appendix 1: Implementation Status of Auditor-General’s 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>

The Institute's first financial year is FY 2023/2024 thus there is no prior Audit Report from the office of the Auditor General



.....

**Ag. Principal  
11<sup>th</sup> December, 2024**

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**Appendix II: Projects Implemented by the Institute**

**Projects**

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

	<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/ duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
1	Construction of Kenya-AIST Campus at Konza City		GOK & Government of Korea	3 Years	100%	YES	NO

**Status of Projects completion**

	<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	Construction of Kenya-AIST Campus at Konza City			70%			GOK & Government of Korea

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**Appendix III: Transfers from Other Government Entities**

ENTITY NAME:				
<b>Breakdown of Transfers from the State Department of Institute Education</b>				
a.	<b>Recurrent Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
	January 2024	03-01-2024	39,794,500	2023/2024
		<b>Total</b>	<b>39,794,500</b>	
b.	<b>Development Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
		<b>Total</b>	<b>0</b>	
c.	<b>Direct Payments</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
		<b>Total</b>	<b>0</b>	


**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

**Appendix IV- Inter-Entity Confirmation Letter**

**Name of Transferring entity** STATE DEPARTMENT OF ICT AND DIGITAL ECONOMY

**Name of Beneficiary entity** KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY  
P.O. BOX 30-90151 KONZA CITY

Kenya Advanced Institute of Science and Technology wishes to confirm the amounts disbursed to us as at 30<sup>th</sup> June 2024 as indicated in the table below. Actual amounts received are shown in column E in the table below.

Confirmation of amounts received by Kenya Advanced Institute of Science and Technology as at 30 <sup>th</sup> June 2024							
		Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2024				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	03-01-2024	39,794,500	0	0	39,794,500	39,794,500	0
<b>Total</b>		<b>39,794,500</b>	<b>0</b>	<b>0</b>	<b>39,794,500</b>	<b>39,794,500</b>	<b>0</b>
In confirm that the amounts shown above are correct as of the date indicated.							
<b>ACCOUNTANT</b>							
Name: CPA. ROBERT NGATIA					SIGN: 		
Date: 11th DECEMBER, 2024							

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

---

**Appendix V: Reporting of Climate Relevant Expenditures**

Kenya Advanced Institute of Science and Technology  
Telephone: 0741491563  
Email: [principal@kenya-aist.ac.ke](mailto:principal@kenya-aist.ac.ke)  
Name of CEO: Prof. J. W. Khamasi, EBS

Name and contact details of contact person (in case of any clarifications) Prof J. W. Khamasi, EBS  
[principal@kenya-aist.ac.ke](mailto:principal@kenya-aist.ac.ke)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

**Kenya Advanced Institute of Science and Technology  
Annual Report and Financial Statements  
for the year ended June 30, 2024**

**Appendix VI: Report on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
				0	0	