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CHRISTINE NDIRITU

OF
THE AUDITOR-GENERAL

ON

**KENYA RURAL TRANSFORMATION CENTERS
DIGITAL PLATFORM PROJECT (FUND FOR
AFRICAN PRIVATE SECTOR ASSISTANCE
PROJECT ID. NO. P-KE-AA0-022)**

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

THE CO-OPERATIVE UNIVERSITY OF KENYA





27 OCT 2025



**PROJECT NAME: KENYA RURAL TRANSFORMATION
CENTERS DIGITAL PLATFORM PROJECT
(FUND FOR AFRICAN PRIVATE SECTOR ASSISTANCE
PROJECT ID. NO. P-KE-AA0-022)**

**IMPLEMENTING ENTITY: THE CO-OPERATIVE UNIVERSITY
OF KENYA**

PROJECT GRANT NUMBER: 5700155003405

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Definition of Terms

AfDB	African Development Bank
BSc	Bachelor of Science
CBK	Central Bank of Kenya
CS	Cabinet Secretary
CUK	The Co-operative University of Kenya
EBS	Elder of the Order of the Burning Spear
Ex. MBA	Executive Master of Business Administration
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
KRTC DP	Kenya Rural Transformation Centers Digital Platform
MBS	Moran of the Order of the Burning Spear
MSc	Master of Science
MTP	Medium Term Plan
NT	National Treasury
PFM	Public Finance Management
PhD	Doctor of Philosophy
PIU	Project Implementation Unit
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
RASME	Remote, Appraisal, Supervision, Monitoring, and Evaluation

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is the Kenya Rural Transformation Centers Digital Platform.

Objective

The key objective of the project is to contribute to increased productivity, profitability and sustainability of agricultural cooperatives and agriculture-related business by connecting farmers with private sector and public services.

Address

The project shall be implemented by the Co-operative University of Kenya whose headquarters is:

L. R. NO. 23134/1, Karen

23134/2, Karen

Ushirika Road

P. O. Box 24814 00502

KAREN NAIROBI

The address of its registered office and contacts are:

P. O. Box 24814 – 00502

KAREN, NAIROBI

Tel. 020 8891401/3/4

Wireless: 020 2430127

020 2679456

Mobile. 0724311606

E-mail: krtcdp@cuk.ac.ke

Website: www.cuk.ac.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 24/11/2020
Project End Date:	The project end date is 20/10/2025
Project Manager:	The project manager is Prof. Isaac K. Nyamongo, PhD, MBS
Project Development Partner:	The African Development Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education/State Department for Higher Education and Research.
Project number	P-KE-AA0-022
Strategic goals of the project	The strategic goal of the project is to increase productivity, profitability and sustainability of agricultural cooperatives and hence the entire agriculture/ food and trade value chains, through integrating small holder farmers with all stakeholders along the agriculture value chain, by connecting farmers with private sector and public services.
Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Putting farmers at the center of a single digital "ecosystem" and connect them with value chain players such as input suppliers and agro-dealers, buyers and other service providers, among others; (ii) Facilitate streamlining of processes coupled to mobile phone-based innovations to reach small holder farmers; (iii) Enhancing linkages between upstream, midstream and downstream agriculture value chain activities

Project information and overall performance (continued)

Project Overview (continued)

Other important background information of the project	The direct beneficiaries are smallholder farmers, agricultural cooperatives (agricultural transformation centers), value chain players including agro-dealers, The indirect beneficiaries are the private sector, financial institutions including and relevant Government agencies.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/ gaps: i) Lack of comprehensive value chain approach to agricultural value chains ii) Technological and infrastructure gap iii) Data unavailability
Project duration	The project started on 24 th November 2020 and is expected to run until 20 th October 2025

2.4 Bankers

The following are the bankers for the project:

1. The Central Bank of Kenya
Haile Selassie Avenue
P.O Box 60000 – 00200
NAIROBI, KENYA
2. Equity Bank (Kenya) Limited
Karen Supreme Branch
P.O Box 75104 – 00200
NAIROBI, KENYA

2.5 Independent Auditor

The project is audited by:

The Auditor General
3rd Floor, Anniversary Towers,
University Way,
P.O Box 30084 – 00100
NAIROBI

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

The following are the key persons who will be working on the project.

Name	Title designation	Key qualification	Responsibilities	Contact Information
David Gitau	Team leader	Master of IT in Network Systems, BSc Computer Science	Consultant-Digital platform development	info@morvey.co.ke 0711986678
Wandera Ojanji	Team Leader	MA Communication Studies	Consultant-Communication Programme for the project	wanderaojanji@gmail.com business@devemerge.com 0722488471 0788194005
Prof. Kamau Ngamau, PhD, EBS	Vice Chancellor, Executing Agency	PhD, Horticultural Sciences	Accounting Officer/Member	kngamau@cuk.ac.ke 0724078816
Prof. Isaac K. Nyamongo, PhD, MBS	Deputy Vice Chancellor, Academic, Cooperative Development Research and Innovation, Executing Agency	PhD, Anthropology	Project Team Lead	inyamongo@cuk.ac.ke 0722706839
Prof. Kennedy Waweru	Director Research, Executing Agency	PhD, Finance	Coordinator	kwaweru@cuk.ac.ke 0721344475
Prof. Wycliffe Oboka	Director, Institute of Cooperative Development, Executing Agency	PhD, Disaster Management & Sustainable Development	Member	woboka@cuk.ac.ke 0727739806

Project Information and Overall Performance (Continued)

Roles and Responsibilities (Continued)

Name	Title designation	Key qualification	Responsibilities	Contact Information
CPA. Maxwell Nyaga	Finance Officer, Executing Agency	Masters of Business Administration MSc, Procurement & Logistics	Member	mnyaga@cuk.ac.ke 0720418214
Mr. Micah Nyaenya	Procurement Officer, Executing Agency	MBA, Supply Chain Management	Member	snyaenya@cuk.ac.ke 0722502481
Dr. Lucy Kiganane	Senior Lecturer, Executing Agency	PhD, Entrepreneurship	Member	lkiganane@cuk.ac.ke 0721236681
Dr. Lydia Mutua	Registrar Cooperative Development Research and Innovation, Executing Agency	PhD, Disaster Management & Sustainable Development	Member	lmutua@cuk.ac.ke 0721713954
Mr. Silas Maiyo	Assistant Lecturer, Executing Agency	MSc, Computer Science	Member	smaiyo@cuk.ac.ke 0723479177
Dr. Calvince Ouko	Lecturer, Executing Agency	PhD, Climate Change & Adaptation	Member	couko@cuk.ac.ke 0726096564
Mr. Moses Kiprop	Principal ICT Officer, Executing Agency	BSc, Computer Science	Member	mkiprop@cuk.ac.ke 0726255501
Mr. David Riitho	Resource Mobilization & Partnerships Officer, Executing Agency	MSc, Finance	Member	david.riitho@cuk.ac.ke 0703289325

Project Information and Overall Performance (Continued)

2.7 Funding summary

The Project is for duration of 5 years from 2020 to 2025 with an approved budget of US\$ 815,000 equivalent to Kshs 89,275,100 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Donor currency (A)	Kshs (A')	Donor currency (B)	Kshs (B')	Donor currency (A)-(B)	Kshs (A')-(B')
Grant						
African Development Bank	\$815,000	89,275,100	\$623,125	74,626,809	\$191,875	14,648,291
Total	<u>\$815,000</u>	<u>89,275,100</u>	<u>\$623,125</u>	<u>74,626,809</u>	<u>\$191,875</u>	<u>14,648,291</u>

B. Application of Funds

Source of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date – (30 th June 2025)	
	Donor currency (A)	Kshs (A')	Donor currency (B)	Kshs (B')	Donor currency (A)-(B)	Kshs (A')-(B')
Grant						
African Development Bank	\$623,125	74,626,809	\$571,080	67,896,904	\$52,044	6,729,905
Total	\$623,125	74,626,809	\$571,080	67,896,904	\$52,044	6,729,905

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

2.8.1 Budget performance against actual amounts

During the 2024/2025 financial year, the KRTC DP project received 85% of the projected grant receipt budget and 93% of the projected grant expenditure.

2.8.2 Project activities and outcomes

Indicator	Targets	Cumulative achievement	Assessment whether output indicator is on track to reach target.
1.1: Agricultural farmer organizations and Stakeholders mapped	A map of all stakeholders in agricultural value chains in target zone	614 stakeholders mapped	Target reached (All key stakeholders mapped and validated)
1.2: User and System Requirements identified	All users and system Requirements identified	400 user requirements identified	Target reached (all key user requirements identified and validated)
2.1: Fully functional Core platform	Single fully functional core platform	Done	Assessment was done in the 1 st quarter of 2024/2025 FY.
2.2: Fully functional User interfaces, dashboards and applications comprising the requirements	Fully functional user interfaces, dashboards and applications comprising the requirements developed	Done	Assessment was done in the 1 st quarter of 2024/2025 FY.

Project information and overall performance (continued)

Project activities and outcomes (continued)

Indicator	Targets	Cumulative achievement	Assessment whether output indicator is on track to reach target.
3.1: Documents of Deployment scenarios, research agenda and methodology	Optimal deployment scenarios, research agenda and methodology	Done	Migration of actual data into the production/ go live environment was done in the 2 nd half of the Financial Year.
3.2: Manuals and system documents	Comprehensive user manual and system documentation	On going	Assessment to be done in the 1 st quarter of 2025/2026 FY.
3.3: Number of trainings; Numbers of persons trained; number of IECs materials developed and distributed	All end Users of the platform trained	On going	Assessment to be done in the 1 st quarter of 2025/2026 FY.

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.2 Value-for-money achievements

Activity Undertaken	Associated Deliverable(s)	Date
Negotiation with successful consultants	Negotiation minutes	15 th Dec, 22 nd Dec 2022 & 11 th Jan 2023
No Objection to Award contract to successful consultants	No objection Letter	16 th February 2023
Consultative meeting on implementation zone selection- CS and PS Ministry of Cooperatives and MSMEs	Agreement on implementation Zone	8 th March 2023
Consultative meeting on implementation zone selection- PS State Department for Crop Development	Agreement on implementation Zone	15 th March 2023
Signing of contract with Successful consultants	Signed contracts	27 th March 2023
Stakeholders' engagement and project launch	Inception Reports	8 th May 2023
Stakeholder engagements and project sites visits/meetings with management of Lord Egerton AIP, County Leadership and Farmer Organizations	Project site visit report	21 st – 25 th August 2023
Development of project communication strategy.	Communication strategy report	1 st September 2023
Procurement of server	Award of contract for supply of server	26 th September 2023
Desktop research on Market demand and user requirement analysis.	Stakeholder mapping and user requirement report.	31 st October 2023
Development of stakeholder mapping and user requirements data collection tool.	Data collection tool.	15 th November 2023

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.2 Value-for-money achievements (continued)

Activity Undertaken	Associated Deliverable(s)	Date
Data collection tool review meeting on stakeholder mapping and user requirement by PIU.	Comment review report.	17 th November 2023.
Collection of data on stakeholder mapping and user requirements in the various project site locations.	Comprehensive field report.	Various dates.
Supervision of data collection activity by PIU in the various project sites.	Field report.	Various dates.
Progress review meeting on data collection activity.	Minutes.	24 th December 2023.
Completion of stakeholder mapping and market demand & user requirements analysis	Stakeholder mapping and market demand & user requirement reports.	12 th February 2024.
Receipt of project server and associated equipment	Inspection and Acceptance committee Minutes	23 rd February 2024.
Progress review meeting by PIU on Field monitoring, stakeholder mapping and Market demand & User Requirements analysis reports.	PIU Minutes.	5 th March 2024.
PIU training on RASME Initiative and KOBO Toolbox	Training report.	7 th to 8 th March 2024.
Stakeholder Mapping and Market demand & user requirement validation workshop.	Validation workshop Report	21 st March 2024.
PIU sensitization workshop on RASME Initiative and KOBO toolbox.	Sensitization report.	22 nd March 2024.

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.2 Value-for-money achievements (continued)

Progress review meeting by PIU on Project activities	PIU Minutes.	15 th April 2024
Design of comprehensive Data Model, System architecture and implementation methodology	Data Model, System architecture and implementation methodology Report	20 th May – 30 th June 2024
GPS mapping of agricultural cooperatives (in Narok, Nakuru, Nyandarua and Baringo Counties) as focal points of KRTC DP and RASME initiative	Agricultural Cooperatives GPS Survey mapping report.	27 th May to 10 th June 2024.
Field media awareness & publicity ahead of early adopters	Media Coverage report.	11 th to 14 th June 2024.
Testing and piloting of the prototype platform had been done at the pilot zone- Narok, Nakuru, Baringo and Nyandarua	Pilot testing reports and PIU Minutes	12 th to 16 th August 2024 and 7 th to 15 th October 2024.
Recruitment of at least 250 early adopters	PIU minutes	Assessment done in Q1 2025

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.3 Absorption rate for each project year

Financial Year	Budget	Actual	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a-b	d=b/a %
2020/2021	-	-	-	0%
2021/2022	51,000,000	-	51,000,000	0%
2022/2023	89,803,882	1,889,354	87,914,528	2%
2023/2024	80,000,000	32,058,509	47,941,491	40%
2024/2025	40,000,000	37,110,080	2,889,920	93%

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.4 Implementation challenges and recommended way forward

The project has experienced delays in processing of disbursement requests resulting in the project being red flagged by the Bank. The PIU was requested to provide a comprehensive report on the project status, and propose action plans (plus expected disbursement projections) and timelines to remove the project from red flagged status.

2.9 Summary of Project Compliance

2.9.1 Significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants

The project is compliant with all applicable financing agreement and applicable laws

2.9.2 Consequences suffered on account of non-compliance or likely to be suffered

The University has not suffered any consequences as a result of non-compliance with any law/agreement

2.9.3 Mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

The University has a robust technical project implementation committee that shall oversee its implementations and ensure that all agreements and laws are adhered to during implementation.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the project plan are to:

- a) To put farmers at the center of a single digital "ecosystem" and connect them with value chain players such as input suppliers and agro-dealers, buyers and other service providers;
- b) To facilitate streamlining of processes coupled to mobile phone-based innovations to reach small holder farmers;
- c) To enhance linkages between upstream, midstream and downstream agriculture value chain activities.

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement.

Progress on attainment of strategic development objectives (continued)

Project	Objective	Outcome	Indicator	Performance
Kenya Rural Transformation Centers Digital Platform (KRTCDP) Project	To put farmers at the center of a single digital "ecosystem" and connect them with value chain players such as input suppliers and agro-dealers, buyers and other service providers	Development of the Kenya Rural Transformation Centers Digital Platform	A fully functional digital platform	1. Procurement of consulting services done;
	To facilitate streamlining of processes coupled to mobile phone-based innovations to reach small holder farmers			2. Identification of implementation zones;
	To enhance linkages between upstream, midstream and downstream agriculture value chain activities			3. Stakeholders' engagement and project launch done;
				4. All key stakeholders mapped and validated;
				5. All key user requirements identified and validated;
				6. Procurement of project server and associated equipment done.
				7. Recruitment of at least 4500 farmers and value chain actors in to the digital platform- <i>FarmerCoopHub</i> - done

4. Environmental and Sustainability reporting

The Kenya Rural Transformation Centres Digital Platform (KRTDCP) Project, launched in May 2023, is a transformative three-year project designed to place farmers at the center of Kenya's agricultural value chain through a unified digital system. Funded by the Fund for African Private Sector Assistance (FAPA) of the African Development Bank (AfDB) and implemented by The Co-operative University of Kenya (CUK), this initiative aims to increase the productivity, profitability, and sustainability of agricultural cooperatives by integrating farmers into a cohesive digital ecosystem. By leveraging mobile phone technology, the platform seeks to streamline agricultural processes and strengthen connections across the value chain, creating a central point of convergence for all stakeholders. The project is expected to have a significant impact on Kenya's agricultural sector, bridging the gap between private and public sector efforts to better serve farmers.

The project is being implemented in four counties in Kenya, including Narok, Nakuru, Baringo and Nyandarua counties and targeting three agricultural value chains, i.e. Maize, Potatoes and Dairy.

The project is currently recruiting and training users of the digital platform more than 6,000 farmers have been recruited exceeding the project target of 4,500 farmers. The final platform is expected to be commissioned in September 2025.

The project has established a strategy towards its sustainability and continuity in operations upon the commissioning of the platform. The project is well aligned at the center of Kenya Vision 2030 strategy on Agriculture & Food security and the current government's economic transformation agenda dubbed Bottom-up Economic Transformation Agenda (BETA), pillar 1 - Agriculture.

Noting the aspiration and strides made by the Kenyan Governments in implementing the Kenya Vision 2030 strategy, MTP I, II and III, 2008 - 2022, it is instructive to note that the great fortunes in the agricultural sector have improved into a sustained growth path. The current government is implementing a BETA, 2022 - 2027, where food security is deliberately considered. Under the 5 pillars of BETA agenda, Agriculture (especially food production, Livestock and fisheries) identifies Maize, Dairy and Irish potatoes as some of the value chains identified and aligned to the food security pillar. In its quest to increase farmers' income and job creation, BETA is being implemented through different strategies including, organizing all farmers and other stakeholders into cooperatives; increasing production and productivity at competitive costs; reducing post-harvest losses and providing warehousing support; and increasing value addition.

KRTC DP project is squarely aligned with government's development strategy hence pulling in the stakeholders, objectives and resources along the country's development trajectory. This is an ingredient for sustainability and continuity beyond the project lifetime. We explain our sustainability and environment issues as follows:

- Sustainability strategy
- Environmental performance
- Employee welfare
- Marketplace practice
- Community engagement

i) Sustainability Strategy and Profile, and Environmental Performance

The project has a management structure, known as the project implementation unit (PIU) that is composed of the project PI, the University vice chancellor, deputy vice chancellor in charge of cooperative development, research and innovation, finance office, procurement officer, ICT officer and research team members. This structure provides the management, oversight and operational role for the KRTC DP project. Digital platforms have contributed greatly to the robust accountability, visibility and transparency in functional business operations.

The Kenyan government has continued to support smallholder farmers in production through enhanced extension services, farm input subsidy at production as opposed to at consumption, information and knowledge sharing through establishment of agricultural training centers, aggregation centers and marketplaces. Smart agriculture has been promoted by the government as well, where farmers in the recent past have registered their details including farms, geolocations, and have benefited from government's subsidized farm inputs through online registration & farm input disbursement platforms.

However, smallholder farmers and by extension the farmer organizations (FOs) such as cooperatives continue to be exploited in market pricing, farm input availability and quality, delayed or unresponsive extension services, lack of accurate and relevant information on value chains, exploitation from the middlemen, decision-making that is not backed up with evidence, erratic climatic conditions, inadequate farm input subsidy, misinformation, poor farm input quality, non-mechanised farming issues among others. These issues have systematically affected sustainability priorities.

The project will provide sensitization and capacity building training to the users (farmers and cooperatives etc) on how to use the platform. A user-friendly platform incorporates a Machine Learning - enabled dashboard and marketplace where relevant information customized for specific use / users / usage will be presented in a more friendly manner. Early adopters have been mapped, identified and they will be trained to become the champions of implementing and using the platform.

The major leap for the project will be to scale three piloted value chains to the rest of the country and to scale to additional value chains after the pilot since more resources will be needed.

Environmental performance

The KRTC DP project will promote the adoption of information & knowledge sharing, communication and learning, benchmarking and exchange visits will largely happen through the digital platform. This reduces on travel by farmers seeking for services from their cooperative It reduces use of paper drastically reducing/eliminating the carbon emissions and any incidental environmental pollution.

ii) Employee Welfare

CUK, being the implementing agency of the KRTC DP project, adopts the same employee welfare practice for its projects as that of the institution. CUK recognises that its workforce is its most significant asset and committed to drawing in the best talent in the market. To this end, it uses a competitive recruitment and selection process in addition to other employee retention strategies like competitive pay, benefits, and equity and fairness in policy implementation. The retention strategies are used to motivate and retain the current workforce.

To lessen inequality, CUK is dedicated to empowering, promoting, and levelling the playing field for all employees, regardless of their race, sex, pregnancy, marital status, health status, ethnic or social origin, colour, age, disability, religion, conscience, belief, culture, dress, language or birth. The University embraces diversity, none of the ethnic communities is beyond 33.3% of the entire population, the overall gender representation is 43.4% and 56.6% for the female and male gender respectively, and the percentage of female leaders in the top management is 50%. The average age of the current staff population is 44.5 years.

A comprehensive workplace accessibility assessment was conducted, and the results are being implemented. In addition to providing accessible infrastructure such as parking spaces, accessible

toilets, and entry ramps, CUK offers additional assistance through sign language interpreters and the use of assistive technology. Employee engagement and well-being are among our top priorities. We have offered the inclusive, safe, and healthy work environment that the Occupational Safety and Health Act of 2007 mandates. To lower the likelihood of accidents and illnesses at work, the employer is dedicated to creating a safe working environment.

The university is a registered workplace as provided under the OSHAS 2007 Act and promotes the well-being of staff through the provision of free protective equipment including clothing and appliances to the workers involved in hazardous work and the provision of instruction, training and supervision as is necessary to ensure health and safety at work of the workers. The university investigates occupational accidents and diseases and aims to prevent recurrence; examines and tests steam boilers, and gas cylinders among other lifting equipment as a preventive measure for workplace accidents.

We keep our workspace hygienic and well-ventilated to safeguard the health of our staff. There is enough illumination and a comfortable temperature with no exposure to hazardous materials. Further, noise exposure limits, emergency evacuation, and fire safety measures are in place, and fire drills are conducted regularly. The University maintains Accident and Life Insurance as provided for under the Work Injuries Benefits Act, 2007, the cover provides for compensation in case of accidents, death or work-related diseases. The organization has implemented a hybrid work arrangement that allows for flexible work schedules to facilitate employees' work-life balance, after the automation of operations.

Employee pay is fair and competitive; it is determined by a job analysis, and it undergoes negotiation by three parties: the Government, union representatives, and employer representatives. Additional benefits that are provided to employees include health insurance, outpatient and inpatient care, employer-funded pension plans, and scholarships for their children to attend CUK for degree programs. In addition to investing in staff training and development, CUK has created and implemented mentorship guidelines and a training and development strategy, all of which have as their primary goal enhancing staff motivation and productivity. Workers receive a variety of benefits, including study and exam leave in addition to other non-financial benefits. During the 2024/2025 FY over 60% of the staff underwent training, CUK leverages both on-job and off-job training to improve skills.

Our well-being and mental health programs have advanced further, with ongoing staff training on mental health awareness and the addition of counselling and substance abuse treatment as benefits under medical coverage for employees struggling with drug addiction. A network of first responders in mental health has also been formed by the university. CUK upholds high standards for human rights and labour practices. We uphold ethical labour standards, forbid child labour, and guarantee the protection of workers' rights throughout the organization's operations. The staff are members of three (3) recognised trade unions. In addition to the policies on Sexual Harassment and other forms of harassment, there is a Grievance Handling procedure in place that gives guidance for handling any complaints brought by staff members. The workplace is friendly, and a room has been set aside for the breastfeeding mothers.

iii) Market Place Practices

a) Responsible Supply chain and supplier relations

The project is expected to be commissioned in September 2025. The PIU has ensured that all key stakeholders and players, including the national government and relevant project county governments (Narok, Nakuru, Baringo & Nyandarua) have been carried along in the course of its development process. There is an already established good relationship and working environment between CUK and relevant government institutions and the farmer organization and private sector players in the value chains (maize, dairy, potatoes). It is expected that this relationship will continue to be mutually beneficial even when the project is commissioned. Relevant working instruments such as MOUs will be executed.

b) Responsible ethical practices

The project underwent statutory approval by the National Commission for Science, Innovation and Technology (NACOSTI) as per the STI Act of 2012. Ethical clearance by AIU-ISERC (Ref number: ISERC / EXT180 / 2024.) was provided as spelled out in the Act and subsequently Research Licence issued (License Number: NACOSTI / P / 24 / 40506) by NACOSTI as having complied with the ethical consideration to execute the project.

The project and its PIU team is subjected to the anti-corruption ethical values and practices as spelt out in the national Anti-Corruption Act, Regulations and international practices.

c) Regulatory impact assessment

In addition to the Ethical clearance and Research license for purposes of data collection from the citizens in regard to rights and their safeguards, CUK is a registered data processor in accordance with the Data Protection Act of 2019 and therefore data processed, stored and disseminated must follow and be guided by the relevant regulations and policies. All data (including voice recording, videos, photos, text etc) collected considered consented protocols guidelines.

iv) Community Engagements

The project integrated community engagement as a core component of the project activities. The project has conducted stakeholder engagements and validation workshops at every stage of the project. The stakeholders were invited during the launching of the project and then sensitized about project objectives, workplan and importance of their involvement in project activities. The project conducted user and system requirements surveys. Once the platform design was done stakeholders from all the pilot countries were invited to a validation workshop and then again when the platform prototype was done, they were invited for another validation workshop. Once the platform is commissioned the end full operationalization community engagements will transition into CSR activities.

5. Statement of Project Management responsibilities

The Vice Chancellor of The Co-operative university of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

This responsibility includes:

- (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the project,
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

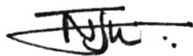
The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

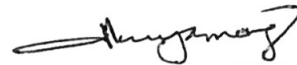
The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Vice Chancellor of The Co-operative University of Kenya and the Project Manager on 14th of August 2025, and signed by:



.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor



.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager

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 RURAL TRANSFORMATION CENTERS DIGITAL PLATFORM PROJECT (FUND FOR AFRICAN PRIVATE SECTOR ASSISTANCE PROJECT ID.NO.P-KE-AA0-022) FOR THE YEAR ENDED 30 JUNE, 2025 - THE CO-OPERATIVE UNIVERSITY OF KENYA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of Kenya Rural Transformation Centers Digital Platform Project set out on pages 1 to 28, which comprise

Report of the Auditor-General on Kenya Rural Transformation Centers Digital Platform Project (Fund for African Private Sector Assistance Project ID.NO.P-KE-AA0-022) for the year ended 30 June, 2025- The Co-operative University of Kenya

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Kenya Rural Transformation Centers Digital Platform Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the Financing Agreement No. 5700155003405 dated 9 November, 2020 between the Government of Kenya and the African Development Bank (AfDB), the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of April, 2025.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

Review of annual report and financial statements revealed the following inconsistencies;

- i. The statement of financial performance reflects revenue totalling Kshs.37,110,080 as disclosed in Note 6 and Note 7 to the financial statements while the statement of cash flows reflects receipts totalling Kshs.31,830,551 resulting to an unreconciled variance of Kshs.5,279,529.
- ii. The statement of financial position and Note 15 to the financial statements reflects a balance of Kshs.3,071,454 for trade and other payables. The payables include an amount of Kshs.2,825,454 owing to the Cooperative University of Kenya for cash advanced during the year under review. However, the amount was not disclosed as a receivable in the Cooperative University financial statements.
- iii. The statement of financial performance reflects employee costs and use of goods and services amounts of Kshs.990,000 and Kshs.22,151,937 respectively as disclosed in Note 8 and Note 9 to the financial statements. However, the statement of cash flows reflects Nil amount and Kshs.20,070,483 resulting to variances of Kshs.990,000 and Kshs.2,081,454 which were not explained or supported.
- iv. The statement of financial position reflects deferred income balance of Kshs.3,595,406 which as disclosed in Note 16 to the financial statements is adjusted for additions and transfers to performance statement as revenue amounts of Kshs.6,666,860 and Kshs.11,988,829 respectively which were not supported.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure amount of Kshs.26,114,611 against actual receipts of Kshs.37,110,880 resulting to an under-utilization of Kshs.13,885,389 or 30% of actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, an issue was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources on irregular recruitment of the project manager. Management has, however, not resolved the issue or provided explanation for failure to resolve it.

Other Information

The Management is responsible for the Other Information set out on page iii to xxvi which comprise of Project Information and Overall Performance, Statement of Performance against Projects Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Annual Procurement Audit

During the year under review, it was noted that the Project Management did not carry out procurement audit as required by the Letter of Agreement between African Development Bank and The Republic of Kenya which requires that the recipient shall cause the Public Procurement Regulatory Authority (PPRA) to carry out a procurement audit in accordance with the recipient's Procurement System on an annual basis. The annual procurement audit report shall be submitted to the Bank no later than six (6) months after the end of each calendar year.

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

2. Irregular Procurement of Conference Facilities and Services

The statement of financial performance and Note 9 to the financial statements reflects an amount of Kshs.22,151,937 for use of goods and services. However, the following anomalies were noted;

- i. Examination of sampled payment vouchers amounting to Kshs.654,700 revealed that user requisition was dated 30 August, 2024, invites for quotation were done between 6 to 9 August, 2024, evaluation was dated 9 August, 2024 and the local purchase

order was dated 3 August, 2024. This is an indication that the procurement may have been done retrospectively.

- ii. Examination of documents provided for audit amounting to Kshs.982,100 relating to workshops, stakeholder engagement expenses and operational expenses revealed there were less than three (3) bidders who submitted their quotations prior to evaluation which is in breach of procurement laws.
- iii. Review of documents provided for audit revealed that Management procured conference facilities for the project amounting to Kshs.2,226,500 relating to workshops, stakeholder engagement expenses and operational expenses. However, the professional opinion did not disclose or indicate the name of the winning bidder on the recommendation to the Accounting Officer.

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

3. Failure to Deduct Public Procurement Capacity Building Levy

The statement of financial performance and Note 9 to the financial statements reflect an amount of Kshs.22,151,937 in relation to use of goods and services. Review of a sample of payment vouchers provided for audit revealed that Kenya Rural Transformation Centers Digital Platforms Project made payments amounting to Kshs.9,268,541 to various suppliers under public procurement contracts. However, these payments were not subjected to the mandatory Public Procurement Capacity Building Levy amounting to Kshs.2,397 as required by Public Procurement Regulatory Authority Circular No. Ref: PPRA/6/5/VOL.II (224) dated 30 August. 2024.

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

4. Non-Submission of Financial Quarterly Reports

It was noted that during the year under review the first (1st), second (2nd) and third (3rd) quarter reports had not been submitted to The National Treasury and African Development Bank as required by the law and financing agreement respectively.

In the circumstances, Management was in breach of law.

5. Failure to Adhere to Guidelines on Transition from Cash to Accrual Basis of Accounting

Audit review of the Project's preparedness to transition from cash to accrual basis of accounting revealed that there is no evidence of appointment of Asset Management Officer to support the transition to accrual accounting for assets and there was no proof provided on training in preparation of financial statements on an accrual basis. This was in violation of Treasury Circular No.03/2025 dated 14 April, 2025 on Guidelines on Transition from Cash to Accrual Accounting by The National Government, County Government and their respective entities Section 2.0 on specific guidelines on transition.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Letter of Agreement between the African Development Bank, I report based on my audit, that except for the matters described in the Basis for Qualified Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report:

- i. 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;
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

Those charged with governance are responsible for overseeing the Project'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 also 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

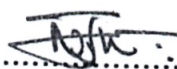
Nairobi


03 December, 2025


7. Statement of Financial Performance for the year ended 30th June 2025.

Details	Notes	2024/2025
		Kshs
Revenue		
Revenue Transfers	6	37,083,540
Miscellaneous Revenue	7	26,540
Total revenue		37,110,080
Expenses		
Employee costs	8	990,000
Use of goods and services	9	22,151,937
Depreciation and amortization expense	10	2,972,675
Total expenses		26,114,611
Other gains/(losses)		
Gain on foreign exchange transactions	11	68,980
Surplus		11,064,449

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor

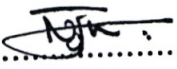

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Prof. Isaac Nyamongo, PhD, MBS
Project Manager

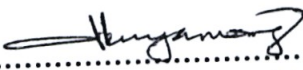

.....
CPA Maxwel Nyaga
Project Accountant
ICPAK Member No: 11419


8. Statement of Financial Position as at 30th June 2025.

Details	Note	2024/2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	6,729,905	8,917,375
Receivables	13	51,626	25,086
Total Current Assets		6,781,532	8,942,461
Non-Current Assets			
Property, Plant and Equipment	14	20,883,779	9,908,915
Total Non- Current Assets		20,883,779	9,908,915
Total Assets (a)		27,665,310	18,851,376
Liabilities			
Current Liabilities			
Trade and Other Payables	15	3,071,454	-
Deferred Income	16	3,595,406	8,917,375
Total Current Liabilities		6,666,860	8,917,375
Total Liabilities (b)		6,666,860	8,917,375
Net Assets (a-b)		20,998,450	9,934,001
Represented By:			
Accumulated Surplus		20,998,450	9,934,001
Total Net Assets		20,998,450	9,934,001

The financial statements were approved on August 14, 2025 and signed by:


.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor


.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager



.....
CPA Maxwel Nyaga
Project Accountant
ICPAK Member No: 11419

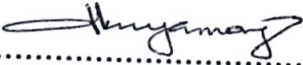
9. Statement of Changes in Net Assets


Description	Accumulated Surplus
	Kshs
As at 30th June 2024 (Cash Basis)	8,917,375
Adjustments:	
Asset Recognition	9,934,001
Liabilities recognition	(8,917,375)
As at 1st July 2024	9,934,001
Surplus/(Deficit) for the year	11,064,449
As at 30th June 2025	20,998,450

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements

The financial statements were approved on August 14, 2025 and signed by:


.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor


.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager


.....
CPA Maxwel Nyaga
Project Accountant
ICPAK Member No: 11419

10. Statement of Cash flows for the year ended 30th June 2025

Description	2024/2025
	Kshs
Cashflow from operating activities	
Receipts	
Revenue Transfers	31,761,571
Realised gain on foreign exchange	68,980
Total receipts	31,830,551
Payments	
Use of goods and services	20,070,483
Total payments	20,070,483
Net cash flow from operating activities	11,760,068
Cashflow from investing activities	
Acquisition of non-financial assets	(13,947,538)
Net cash flows from investing activities	(13,947,538)
Cash flow from financing activities	-
Net cash flow from financing activities	-
Net increase/Decrease in cash and cash equivalents	(2,187,470)
Cash and cash equivalent at 1st July 2024	8,917,375
Cash and cash equivalent at end June 2025	6,729,905

11. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods	8,917,375	-	8,917,375	8,917,375	-	100%
Receipts						
Revenue Transfers	31,082,625	-	31,056,085	28,166,165	2,889,920	91%
Miscellaneous Revenue	-	26,540	26,540	26,540	-	100%
Total Revenue	40,000,000	26,540	40,000,000	37,110,080	2,889,920	93%
Payments						
Total Expenses	40,000,000		40,000,000	26,114,611	13,885,389	65%
Total Payments	40,000,000	-	40,000,000	26,114,611	13,885,389	65%
Surplus	-	26,540	-	10,995,469	(10,995,469)	

Note: The underutilization on use of goods and services is a result of transfer of Kshs 13,947,538 to Work in Progress.

*Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	10,995,469
1	Bank Charges and Taxes Refundable	(26,540)
2	Depreciation and amortization expense	2,972,675
3	Trade and Other Payables	3,071,454
4	Property, Plant and Equipment	(13,947,538)
5	Gain on foreign exchange transactions	68,980
6	Deferred Income	3,595,406
	Closing Cash and Cash Equivalent as per the statement of Cash flows	6,729,905

12. Notes to the Financial Statements

1. General Information

The Co-operative University of Kenya (CUK) is a chartered public university that is established and derives its authority and accountability from the Universities Act No. 42 of 2012 and the Co-operative University of Kenya Charter of 7th October 2016. It replaced the former Co-operative University College of Kenya earlier established under legal notice No. 161 of 4th November 2011 as a Constituent University College of Jomo Kenyatta University of Agriculture and Technology Act (Cap 210E). The University is wholly owned by Government of Kenya and is domiciled in Kenya.

The principal activity of CUK continues to be the provision of Co-operative Education, Business, and Information Technology and related Disciplines for various stakeholders including the Co-operative movement and the Government. CUK serves as a Centre of academic excellence in the Co-operative Movement in Kenya, together with other mandates as stipulated under the Universities Act No. 42 of 2012, and the Co-operative University of Kenya Charter of 7th October 2016.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 31st July 2025

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for	<i>Applicable 1st January 2025</i> The Standard requires,

Standard	Effective date and impact:
Sale and Discontinued Operations	<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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Kenya Rural Transformation Centers Digital Platform Project did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the KRTCDP Project and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

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.

b) Budget information

The original budget for FY 2024/2025 was approved by the Council Board on 28th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The University's budget is not 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. Similarly, the budget is prepared on accrual basis. 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.

Additionally, 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.

Notes to the financial statements (continued)

c) Property, plant and equipment

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

Depreciation is calculated on a reducing balance method for all other categories of assets except for land which is not depreciated. The applied depreciation rates are as shown below:

• Computer and Accessories	30%
• Telecommunication Equipment	20%
• Office Equipment	12.5%
• Furniture and Fitting	12.5%
• Plant and Machinery	10%

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the KRTC DP Project. 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 KRTC DP Project also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the KRTC DP Project 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.

Notes to the financial statements (continued)

e) Intangible assets

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

f) Research and development costs

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

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

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

g) 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 KRTCDP Project does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the KRTCDP Project measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the financial statements (continued)

Financial assets

Classification

The KRTCDP Project 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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the financial statements (continued)

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 KRTCDP Project manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The KRTCDP Project assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The KRTCDP Project recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The KRTCDP Project classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

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

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

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

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

Notes to the financial statements (continued)

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the KRTCDP Project.

i) Provisions

Provisions are recognized when the KRTCDP Project 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 KRTCDP Project expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The KRTCDP Project does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The KRTCDP Project 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 KRTCDP Project 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.

j) Nature and purpose of reserves

The KRTCDP Project creates and maintains reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

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

Notes to the financial statements (continued)

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

n) 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.

o) Related parties

The KRTC DP Project 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 KRTC DP Project, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the financial statements (continued)

p) Service concession arrangements

The KRTCDP Project 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 KRTCDP Project recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the KRTCDP Project also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

r) Subsequent events

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

Notes to the financial statements (continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The KRTCDP Project 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 KRTCDP Project. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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.

*Kenya Rural Transformation Centers Digital Platform Project
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Notes to the Financial Statements (Continued)

6. Proceeds From Domestic and Foreign Grants

Description	2024/2025 FY
	KShs
Conditional Transfers	
Grant Receipts from AfDB	37,083,540
Total Conditional Transfers	37,083,540

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers 2024/2025 FY
	Kshs	Kshs	Kshs	Kshs
Exchequer Transfers from AfDB	6,666,860	3,595,406	-	3,071,454
Direct Payment to Third Parties by AfDB	25,094,711	-	-	25,094,711
Subtotal	31,761,571	3,595,406	-	28,166,165
Deferred Income realized	8,917,375	-	-	8,917,375
Total	40,678,946	3,595,406	-	37,083,540

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Bank Charges and Taxes Refundable	26,540
Total	26,540

Notes to the Financial Statements (Continued)

8. Employees Costs

Description	FY 2024/25
	Kshs
Consolidated Salary	990,000
Total	990,000

9. Use of Goods and Services

Description	2024/2025 FY
	Kshs
Validation Workshops and Stakeholder Engagement Expenses	9,335,686
Digital platform development	239,007
Communication Programme	11,216,153
Operational Expenses	1,088,551
Evaluation & Procurement	246,000
Bank Charges and Taxes	26,541
Total	22,151,937

10. Depreciation and Amortization expense

Description	2024/2025 FY
	Kshs
Property, Plant and Equipment	2,972,675
Total	2,972,675

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Notes to the Financial Statements (Continued)

11. Gain/Loss on foreign exchange transactions

Description	2024/2025 FY
	Kshs
Gain on foreign exchange transactions	97,732
Loss on foreign exchange transactions	(28,752)
Total Gain/Loss	68,980

12. Cash And Cash equivalents

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
Cash in Bank	6,729,905	8,917,375
Total Cash and Cash Equivalents	6,729,905	8,917,375

Kenya Rural Transformation Centers Digital Platform Project has one (1) project account spread within the project implementation area and one (1) foreign currency designated account managed by the National Treasury and Economic Planning as listed below:

Project Bank Accounts

Details	2024/2025 FY	1 st July 2024
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No. 1000494678]	6,666,860	-
Total Foreign Currency balances	6,666,860	-
<u>Local Currency Accounts</u>		
Equity Bank [A/c No. 1630280550859]	63,045	8,917,375
Total local currency balances	63,045	8,917,375
Total bank account balances	6,729,905	8,917,375

Notes to the Financial Statements (Continued)

A transfer of the funds held at the special account held by the project at the Central Bank to the account held at Equity bank was initiated on 26 June 2025. The transfer process took time between the Central Bank of Kenya, State Department of Higher Education and the Co-operative University of Kenya resulting in the amount being received by on 11 July 2025. This amount is therefore recognised as a post balance sheet transaction therefore duly posted to the financial year under audit.

13. Receivables

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
Bank Charges and Taxes	51,626	25,086
Total Receivables	51,626	25,086

Ageing analysis for Receivables

Description	2024/2025 FY		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	26,540	51%	19,529.50	78%
Between 1- 2 years	19,529	38%	5,556.50	22%
Between 2-3 years	5,557	11%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	51,626.50	100%	25,086.00	100%

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Cost	ICT Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs
Depreciation rate	30%		
As At 1 July 2024 (opening balances)	9,908,915	-	9,908,915
Additions	-	13,947,538	13,947,538
Disposals	-	-	-
Transfers/Adjustments	-	-	-
As at 30th June 2025	9,908,915	13,947,538	23,856,453
Depreciation And Impairment			-
As at 1 July 2025			-
Depreciation charge for the year	2,972,675	-	2,972,675
Impairment loss	-	-	-
Transfers/ Adjustments	-	-	-
As At 30th June 2025	2,972,675	-	2,972,675
Net Book Values			-
As at 1st July 2024	9,908,915	-	9,908,915
As at 30th June 2025	6,936,241	13,947,538	20,883,779

Notes to the Financial Statements (Continued)

15. Trade and Other Payables

Description	2024/2025 FY		1 st July 2024	
	Kshs		Kshs	
Trade payables	246,000		-	
Advance from the University	2,825,454		-	
Total trade and other payables	3,071,454		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative	
			FY	% of the Total
Under one year	3,071,454	100%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	3,071,454.00	100%	-	0%

16. Deferred Income

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
African Development Bank	3,595,406	8,917,375
Total Deferred Income	3,595,406	8,917,375

Notes to the Financial Statements (Continued)

Deferred Income Movement Schedule

	African Development Bank
	Kshs
Balance as at 1 st July 2024	8,917,375
Additions	6,666,860
Transfers To Performance Statement as Revenue	11,988,829
Balance as at 30 th June 2025	3,595,406

17. Cash Generated from Operations

Description	Insert Current FY
	Kshs
Surplus/Deficit for the year	11,064,449
Adjusted for:	
Depreciation	2,972,675
Non-cash grants received	-
Impairment	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	(26,540)
Decrease in deferred income	(5,321,969)
Increase in payables	3,071,454
Increase in payments received in advance	-
Net cash flow from operating activities	11,760,068

Notes to the Financial Statements (Continued)

18. Special Deposit Accounts Movement Schedule

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
(i) ADB: Kenya Rural Transformation Centers Digital Platform [A/c No. 1000494678]		
Opening balance	-	-
Total amount deposited in the account	6,666,860	13,380,493
Total amount withdrawn	-	13,380,493
Closing balance	6,666,860	-

The Special Deposit Account bank account reconciliation has been attached to these financial statements.

19. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the project, holding 100% of its equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the project, both domestic and external.

Other related parties include:

- i) The Ministry of Education.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) University Council

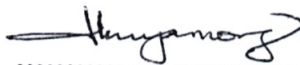
13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Budgetary Control and Performance	Under-collection of Kshs. 43,134,762 or 54% of the budget and under-expenditure of Kshs.4,806,729 or 13% of the budget.	Error in budget capture and approval	Resolved	N/A
Irregular Recruitment of Project Manager	Recruitment not competitive and progress reports on the deliverables not provided for audit	The project manager was recruited through secondment and the deliverables provided for audit	Resolved	N/A



.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor



.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager



.....
CPA Maxwel Nyaga
Project Accountant
ICPAK Member No: 11419

Notes to the Financial Statements (Continued)

18. Events after the Reporting Period

Other than the disclosure in note 11 above relating to the special account movement, there were no material adjusting and non-adjusting events after the reporting period.

19. Ultimate And Holding Entity

The Co-operative University of Kenya is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

20. Currency

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

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Annex 2: Reconciliation of inter-entity transfers

THE KENYA RURAL TRANSFORMATION CENTRES DIGITAL PLATFORM (KRTCDP)					
Breakdown of transfers from the State Department of Higher Education					
a)	Direct Payments	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate	Bank
		16.09.2024	3,729,549	2024-2025	Direct Payment to Consultant
		16.09.2024	3,729,549	2024-2025	Direct Payment to Consultant
		05.12.2024	3,731,173	2024-2025	Direct Payment to Consultant
		10.12.2024	6,953,422	2024-2025	Direct Payment to Consultant
		27.05.2025	6,951,018	2024-2025	Direct Payment to Consultant
		Total	25,094,711		
b)	Development Grants: Exchequer	Bank Statement Date	Amount (Kshs)	FY to Which the Amounts Relate	Bank
		11.07.2025	6,666,860	2024-2025	Standard Chartered
		Total	6,666,860		

The above amounts have been communicated to and reconciled with the State Department

*Kenya Rural Transformation Centers Digital Platform Project
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Annex 3: Fixed Assets Register

S. No.	Asset Description	Financed by/ source of funds	Serial number	Make & Model	Date of Delivery / installation	PV number	Purchase amount	Depreciation rate	Annual depreciation	Accumulated depreciation	Net Book Value	Responsible officer	Asset condition
1	PowerEdge R860 Server [PowerEdge R860	AfDB	9XYBC047H9Y1UA-T	Dell	27-12-2023	SB001-02226-24	9,908,915	30%	2,972,675	2,972,675	6,936,241	M. Kiprop	Normal

Annex 4: Other Support Documents

1. Special Deposit Account Reconciliation Statement
2. Special Deposit Account Bank Statement
3. Exchequer Disbursement Form

KENYA RURAL TRANSFORMATION CENTER DIGITAL PLATFORM
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2025
 PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No. 57001550003405

Bank Account No.1000494678 Held with Central Bank of Kenya

	NOTES	AMOUNT USD	AMOUNT USD
1 Amount advanced by ADB			214,634.00
Less			
2 Total amount justified to ADB			162,198.65
3 Outstanding amount advanced to Designated Account			52,435.35
Represented by:			
4 Ending Designated Account Balance at 30.06.2025			
5 Amount claimed but not credited at 30.06.2025			-
6 Amount withdrawn and not claimed as at 30.06.2025			52,435.35
7 Service charges (if not included in 5 & 6 above)			-
Less			
8 Interest earning (if included in Designated Account)			-
9 Total advance to Designated Account year ended 30.06.2025			52,435.35

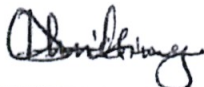
Discrepancy between total appearing on lines 3 and 9

-

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by ADB and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs



AUTHORIZED REPRESENTATIVE

RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE:

01-08-2025

SPECIAL ACCOUNT STATEMENT

For period ending **30th JUNE, 2025**
 Account No. **1000494678**
 Depository Bank **CENTRAL BANK OF KENYA.**
 Address **CENTRAL BANK OF KENYA.**
 Related Loan **KE. RURAL TRANSF.CENT.DIG. PLATFORM**
 Credit Agreement
 Currency **USD**

Part A - Account Activity

Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by World Bank ^{ADB}	51,567.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	51,567.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2025	0.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: *[Signature]*
DATE: *14/07/2025*

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: *[Signature]*
DATE: *01/08/2025*

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 2 of 2

Run Date: 04/07/2025 Run Time: 10:31:07
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX. 60000-0200
 NAIROBI
 STATEMENT PERIOD: From 01/07/2024 To

STATEMENT OF ACCOUNT

PAGE NO: 1

ACCOUNT NUMBER: 1000494678

ACCOUNT TITLE: KE. RURAL TRANSF.CENT.DIG. PLATFORM
 30/06/2025

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL:			0.00		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	06/03/2025	FT25065YRHYS,1	FUNDING	0.00	51,567.00
2	26/06/2025	FT25177Z59FL,1	PA138427	-51,567.00	0.00

CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

[More Details](#)
[Clear Selection](#)

Account	equals	1000494678
Statement From	equals	20240701
Statement To	equals	20250630

TAM.E.STMT.OF.ACCT.EPRM

Public Ledger As at 25.07.2025
 Loan Number : 5700155003405
 Project ID : P-KE-AA0-022
 Project Title : KENYA RURAL TRANSFORMATION CENTRES
 Borrower : GOVERNEMENT OF KENYA

Printing Date : 25.07.2025
 Page : 67
 System : PRD / 400
 Loan Contract Currency : USD
 Closing Date : 20.10.2025
 Commitment Capital : 815,000.00
 Available Balance : 0.00

LDV Number	Reference	Curr	Amount Approved Approval Currency	Amount Justified Approval Currency	Balance to Justify Approval Currency	Amount Disbursed USD	Amount Justified USD	Balance to Justify USD	%Justified	Disburs. Value Date	Least Just. Date
(A)	(B)		(X)	(Y)	(Z) = (X) - (Y)	(C)	(D)	(E) = (C) - (D)	F = D / C	(G)	(H)
5700155003405											
1 All activities											
1/KE/2022/07018	RF N00001	USD	61,743.00	61,743.00	0.00	61,743.00	61,743.00	0.00	100.00	25.05.2022	07.08.2024
1/KE/2024/41322	RF N00005	USD	101,324.00	100,455.65	868.35	101,324.00	100,455.65	868.35	99.14	28.02.2024	17.04.2025
1/KE/2025/62527	RF N00013	USD	51,567.00	0.00	51,567.00	51,567.00	0.00	51,567.00	0.00	05.03.2025	00.00.0000
Total 5700155003405 All activities						214,634.00	162,198.65	52,435.35	75.57		
5700155003405						214,634.00	162,198.65	52,435.35	75.57		

214 634.00 162,198.65 52,435.35



RESOURCE MOBILIZATION DEPARTMENT
PROJECTS EXCHEQUER DISBURSEMENT FORM

MEMO

NO: EA/FA/78/7/028/D
Director General Accounting Services
& Quality Assurance
National Treasury

DATE: 26.06.2025
CC: Mr. Michael Kahiti
Mr. George Gichuru
Mr. Gilbert Kangogo
Ms. Christine Chimayi

PART I - RMD

DEVELOPMENT PARTNER (DP) NAME	AFRICAN DEVELOPMENT FUND (ADB/ADF)
PROJECT NAME	KENYA RURAL TRANSFORMATION CENTRES DIGITAL PLATFORM PROJECT
PROJECT CODE	AfDB GRANT NO. 5700155003405
VOTE HEAD NO. TO TRANSFER	1065: STATE DEPARTMENT FOR HIGHER EDUCATION & RESEARCH
CREDIT/GRANT NO.	AfDB GRANT NO. 5700155003405
BUDGET PROVISION (KSHS)	
THIS DISBURSEMENT(KSHS)	7,000,000.00
CUMMULATIVE DISBURSEMENT TO DATE (KSHS)	6,666,860.20
BUDGET BALANCE (KSHS)	6,666,860.20
	333,139.80

PART II - RMD

SPECIAL ACCOUNT NO.	1000494678 - CENTRAL BANK OF KENYA
PAYMENT AUTHORITY NO.	138427
PAYMENT AUTHORITY DATE	23.06.2025
DATE AMOUNTS TRANSFERRED TO EXCHEQUER	26.06.2025
IMPLEMENTING AGENCY REQUEST REFERENCE	MOE/SDHER/11/1/VOL.V/408
IMPLEMENTING AGENCY REQUEST RECEIVED AT TNT	19.03.2025

PREPARED BY AND SIGN: GUYO GALGALO *(Signature)*
 SUBMITTED BY AND SIGN: *(Signature)* RECEIVED BY AND SIGN: _____
 HEAD: DISBURSEMENTS UNIT DG/AS&QA

PART 111 - EXCHEQUER UNIT

DATE REFERED BACK	
REASON FOR REFER BACK	
DATE EXCHEQUER TRANSMITTED	
EXHEQUER NOTIFICATION NO.	

SIGN: _____ DATE: _____
 HEAD: EXCHEQUER UNIT