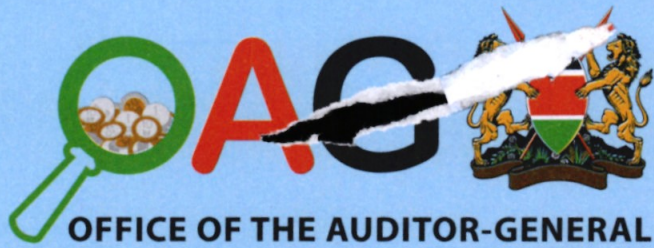
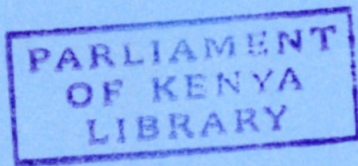


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WED
TABLED BY: DEPTA MABWANI PRM WMP	
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KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

Kenya Advanced Institute of Science and Technology
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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

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

B: Definition of Key Terms

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

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

On 11th March, 2025, the Cabinet declared Kenya-AIST a specialized post-graduate institution of strategic national importance. Having been conceptualized and funded as one of Kenya's flagship projects under Vision 2030, Kenya-AIST is critical in the achievement of Bottom-up Economic Transformation Agenda (BETA). The establishment of Kenya-AIST was aimed at meeting the shortage of highly skilled engineers and scientists needed in Kenya and the region; to drive Kenya into an industrialized nation; that is fueled by knowledge-based economy.

Kenya-AIST's flagship academic programmes are unique. They focus on driving Kenya's industrialization through knowledge economy; characterized by advanced research, training and education in science, technology and engineering; which will create a 'marketplace for the production and sale of scientific and engineering discoveries'. The academic programmes were approved by Dedan Kimathi University of Technology Senate and submitted to the Commission for University Education (CUE) for accreditation in July 2022. Thirteen (13) out of 14 programmes have been peer reviewed and are awaiting the accreditation stage.

(b) Principal Activities

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

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

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

i) Vision

The Institute Vision is:

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

ii) Mission

The Kenya Advanced Institute of Science and Technology Mission is:

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

iii) Motto

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

iv) Philosophy

The philosophy of the Kenya Advanced Institute of Science and Technology is informed by the need to provide students with advanced education in science, technology, engineering and research, which will serve as a driving force for economic growth and societal progress. The approach to the education will be progressive, and is meant to inspire creativity, practicality and innovation for more meaningful changes in the national economy and society. The curricula comprise of creative programs designed to offer cutting-edge knowledge and ideas to students. The curricula are adaptable and takes into account the social environment and industrial conditions.

v) Core Values

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

- Integrity
- Dedication
- Creativity
- Excellence
- Sustainability

vi) Quality Policy

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

vii) Quality Objectives

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

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

(c) Key Management Team

Kenya-AIST Council was appointed on 23rd May 2023, had its inaugural meeting on 29th May, 2023 and has provided good leadership to date. Kenya-AIST is designed to implement its mandate through the key organs listed below whose details are stipulated in the Statutes:

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

(d) Fiduciary Management

The management team that served in Kenya-AIST during the quarter that ended 30th June 2025, are as shown below. That is the team that the Acting Principal has been working with and ensuring that Kenya-AIST Council achieves its objectives in 2024/2025FY.

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No.	Designation	Name
1.	Ag. Principal	Prof. Jennifer W. Khamasi, EBS
2.	Ag. HoD, Finance	CPA. Robert Ngatia Wathegi
3.	Ag. HoD, Supply Chain and Logistics	Mr. Jacktone Otieno Omoke
4.	Ag. HoD, Administration & Human Resource / Council Secretariat	Ms. Jackline Njeri Kathuri
5.	Legal Office/ Council Secretariat	Mr John Gitibi Rukioyah
6.	Assistant Director, Internal Auditor	CPA. James Muthusi Maingi

(e) Fiduciary Oversight Arrangements

i) Audit Committee Activities

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

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

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

ii) Finance Committee activities

The Institute Council has a Finance Committee which is designed to provide oversight and advice on matters relating to the financial position of the Institute. The Committee

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meets every quarter. In the periodic meetings, the Committee discussions include consideration of financial policies and regulations that are to be applied in a fiscal year.

At the beginning of each financial year, the Finance Committee recommends to Council the approval of the annual Institute's budget and the medium-term financial forecasts; which are forwarded to the parent Ministry and the National Treasury (NT) for approvals and funding. At the end of the financial year, the Committee receives the annual accounts of the Institute, discusses them and recommends their approval to Council.

(f) Entity Headquarters

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

(g) Entity Contacts

Cell phone +254-741-491563
Email: principal@kenya-aist.ac.ke
Website: www.kenya-aist.ac.ke

(h) Entity Bankers

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

(i) Independent Auditors

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

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(j) Principal Legal Adviser


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

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


3. THE INSTITUTE COUNCIL MEMBERS

Ref	Council Members	Details
1.	<p>Prof. Emmanuel Mutisya - Council Chairperson</p>  <p>Date of Birth: 16-02-1980 Appointed: 23rd May, 2023</p>	<p>Prof. Emmanuel Mutisya is a seasoned project manager, sustainability specialist, researcher, education expert, and strategist in international development policy with more than 10 years of professional and program management experience. Prof. Mutisya is currently the Chairperson of the Global e-Schools and Communities Initiative (GESCI), a Visiting Professor at the University of Nairobi, a Board Member at the Institute for Humanities in Africa at the University of Cape Town, and a Senior Consultant of Education and Skills Development at the African Development Bank.</p> <p>Prof. Mutisya holds a PhD in Sustainability Science from the University of Tokyo (Japan), a Master's Degree in Public Administration from the International Christian University (Japan) and a Master's Degree in Mathematics from Karlstad University (Sweden).</p> <p>Prof. Mutisya has held various positions in Kenya and globally. He was appointed the First Chairperson of the National Diaspora Council of Kenya by the President of Kenya (2015-2021). He was the Chairman of the Kenyans in Japan Association (2011-2019), Chairman of the Diaspora Consortium of Kenya (2015 - 2022) as well as the Coordinator of JICA funded programs in Africa under the TICAD framework. He was also a Project Manager at the United Nations University in Japan (2015-2017), where he coordinated the Education for Sustainable Development in Africa (ESDA) program and the African Youth Entrepreneurship Society</p>

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		<p>(AYES) initiative. He was awarded the “Education for Sustainable Development in Africa Champion” in Kenya in 2019.</p>
<p>2.</p>	<p>Prof. Washington Yotto Ochieng, FREng - Independent Council Member</p>  <p>Date of Birth: 25-10-1964 Appointed on: 23rd May, 2023</p>	<p>Professor Washington Yotto Ochieng, CBE, EBS, FREng, is the Head of the Department of Civil and Environmental Engineering, Chair Professor in Positioning and Navigation Systems, and Interim Director of the Institute for Security Science and Technology (ISST), at Imperial College London. Formerly, he served as Head of the Centre for Transport Studies and Co-Director of the ISST. Ochieng has significantly contributed to the Department’s success, notably its best performance in the 2021 Research Excellence Framework (REF) and a 95.2% National Student Satisfaction score. He is the President of the Royal Institute of Navigation, and a Member of the Board of Trustees of the Science Museum Group (SMG). He chairs the Advisory Board of the Science Museum in London and the Africa Engineers Steering Committee of the Royal Academy of Engineering.</p> <p>Prof. Ochieng holds a BSc in Engineering from the University of Nairobi and MSc and PhD degrees in Civil Engineering from the University of Nottingham. With over 200 published scientific papers, he has supervised 60 PhD students and 30 Post-Doctoral Fellows. A pioneer of Europe’s space-based positioning, navigation and timing programme, his work includes developing navigation systems for land, sea, and air applications and contributing to the Single European Sky Air Traffic Management (SESAR) research and development programme. He advises the UK Government’s at the Foreign,</p>

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		<p>Commonwealth, and Development Office (FCDO), Department for Transport (DfT) and the UK Parliamentary Select Committee on Science & Technology. He is a Member of the Science and Technology Advisory Council of the UK's National Physical Laboratory (NPL) and the Program Steering Committee for DFID's Sustainable Urban Economic Development (SUED) program for Kenya. His other research focus areas include infrastructure resilience, sustainable development, and international collaboration on global challenges.</p>
<p>3.</p>	<p>Eng Meshack Otieno Kidenda - Independent Council Member</p>  <p>Date of Birth: 06-06-1956. Appointed on: 23rd May, 2023</p>	<p>Eng. Meshack Otieno Kidenda B Sc, M Sc, CE, FIEK, MCIarb, MBS, HSC., holds a BSc (Civil Engineering) from University of Nairobi and MSc in Traffic Engineering from University of Birmingham. He is a registered Consulting Engineer (CE) with the Engineers Board of Kenya, a Fellow of the Institution of Engineers of Kenya (FIEK), a member of the Chartered Institute of Arbitrators (MCIarb) and holds two National Honors of MBS and HSC</p> <p>Eng. Kidenda joined the Roads Department in the Government of Kenya in 1979 on graduating from University of Nairobi and rose to the level of Chief Engineer (Roads). In the year 2000, he was appointed Director of Industrial Training (DIT), a position he served until December 2008; when he was appointed the inaugural Director General of the Kenya National Highways Authority (KeNHA). At KeNHA, he served the maximum allowed six years. He retired from the Public Service in 2016.</p> <p>Eng. Kidenda has continued to serve the country in different capacities which includes serving on the Board of National Transport and Safety Authority (NTSA), Chairman of the Kisumu National</p>

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		<p>Polytechnic Council, Chairman Board of Management of Wigot Gardens Hotel, Chairman of Development at the SDA Church Karen Community, and have been a member of Board for the Institute for Transportation & Development Policy, ITDP (Africa).</p>
4.	<p>Ms. Purity Nyawira Mureithi - Independent Council Member</p>  <p>Date of Birth: 12- 12-1979. Appointed on: 23rd May, 2023</p>	<p>Purity Nyawira Mureithi is a dedicated legal professional with a strong background in law and administration. She runs her own law firm, Purity Mureithi & Company Advocates, in Nairobi.</p> <p>Ms. Mureithi holds an LL.M and LL. B from the University of Nairobi and a Diploma in Law from the Kenya School of Law. A member of the Law Society of Kenya, Purity's legal expertise spans Family Law, Property and Conveyancing, Commercial Litigation, Employment Law, and Constitutional Law.</p> <p>Ms. Mureithi's has over a decade of experience as an advocate and has served as Head of the Legal Department at P.J. Dave Group of Companies and as a Legal Assistant at Bhullar & Company Advocates. She also participates in peer-reviewing journals for the Law Society of Kenya and is a panelist on Inooro TV, discussing legal issues and engaging in pro bono work.</p>
5.	<p>Dr. Collins Kipngetch Tanui- Independent Council Member</p>  <p>Date of Birth: 24-04-1986. Appointed on: 23rd May, 2023</p>	<p>Dr. Collins Kipngetch Tanui, Ph.D., is a distinguished scientist specializing in Microbiology, focusing on pathogen genomics and infectious diseases. As the Principal Technical Officer for Pathogen Genomics at the Africa Union - Africa CDC, he leads strategic planning, pathogen genomics surveillance, and capacity building across Africa. His expertise in data management ensures effective dissemination of research findings. Dr. Tanui has significantly contributed to public health,</p>


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		<p>particularly in outbreak responses and strengthening sequencing capacity.</p> <p>Dr. Tanui holds a Ph.D. and M.Sc. in Microbiology from the University of Pretoria and a B.Sc. in Biochemistry & Molecular Biology from Jomo Kenyatta University. His innovative research includes predictive machine learning and network analysis for pathogen risk assessment. He has published extensively, received international recognition, and serves as a reviewer for prominent journals. He is affiliated with the American Society of Microbiology, Society of Risk Analysts, and International Association of Food Protection.</p> <p>Dr. Tanui's dedication to research, technology advancement, and public health improvement in Africa and beyond has established him as a leading figure in his field. His leadership in research, capacity building, and emergency response to outbreaks underscores his commitment to safeguarding public health and promoting scientific progress</p>
6.	<p>Ms. Sarah Wambui Kabira - Independent Council Member</p>  <p>Date of Birth: 16-11-1983. Appointed on: 28th June, 2024</p>	<p>Ms. Sarah Kabira is a senior Telecommunications Professional offering over 15 years of progressive experience in the field of IT (Information Technology). 8 years in leadership positions in the ICT and telecommunication industry.</p> <p>She is the Managing Director of Techminds Technologies Limited an ICT Services firm. Formerly worked in leadership positions in the ICT and telecommunication industry in UK and Kenya. Sarah is in the leadership of the Women's Mentorship Network a mentorship network focused on increasing the spend and capacity building of Women owned companies. Sarah holds a Master of Philosophy in Technology Policy at Judge Business School, Cambridge University and Bachelor of Science in Computer Science at University of</p>

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		<p>Nairobi (First Class Honors). She has previously been named IEEE Woman Engineer of the Year and received a Shell Chevening Scholarship (Cambridge University).</p>
<p>7.</p>	<p>Dr. Roselida Achieng' Owour - Council Member- representing PS, State Department of Higher Education and Research</p>  <p>Date of Birth: 13-06-1968. Appointed on: 23rd May, 2023</p>	<p>Dr. Owuor is the Director of Research, Science and Technology in the State Department for Science, Research and Innovation. She holds PhD from Maseno University, MSc. from University of Nairobi and a degree in Biological Science from Egerton University.</p> <p>Dr. Owuor has a wealth of experience in corporate Governance and Senior Management from Public and Private Sector for a period of more than twenty years. She has served in the Boards and Councils of National and Regional institutions and international organizations. Currently, she is the Chairperson of the Governing Body of East African Science and Technology Commission.</p> <p>Dr. Owuor was the Project Manager for the Kenya-Advanced Institute of Science and Technology (Kenya-AIST) up to June 2023 before it was moved to the Ministry of ICT and Digital Economy through Executive Order No. 2 of 2023 as a State Corporation.</p> <p>Dr. Owuor participated in the drafting of Proposed Biosafety Bill which was enacted in 2009 and established National Biosafety Authority. She also participated in drafting of Regulations under Biosafety Act, 2009 in addition to coordinating the finalization of the Draft Science, Technology and Innovation Policy. She also participated in the drafting of the Proposed Science, Technology and Innovation Bill. The Science, Technology and Innovation Bill was enacted in 2013 and it established National Commission for Science, Technology and Innovation (NACOSTI), National Research</p>


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		Fund (NRF) and Kenya National Innovation Agency KENIA).
8.	<p>Mr. John Nusu Mwamanzi - Council Member- representing PS, State Department of ICT & the Digital Economy</p>  <p>Date of Birth: 06-12-1968 Appointed on: 18th June, 2024</p>	<p>Mr. John Nusu Mwamanzi holds a B Sc (Comp/Stats, First Class Honors) from Kenyatta University, PGD in Computer Science from University of Nairobi, MA in International Development from International University of Japan, and M Sc in ITM from University of Sunderland. With over 25 years of experience in ICT sector, he has acquired skills in the MIS, policy & strategy development, ICT with a synopsis of international development aspects, Project management, Data analytics, and emerging & AI technologies. He is a member of Computer Society of Kenya and Data Privacy and Governance Society of Kenya.</p> <p>Mr. Mwamanzi, is the Director ICT Research and Innovation at the State Department for ICT and Digital Economy - Ministry of Information, Communications and the Digital Economy (MICDE) having joined the Public Sector as Systems Analyst/Programmer after graduating from Kenyatta University. Besides the ICT sector, he has served in the Health, Road & Transport, Lands, Security, Finance and Governance Justice Law Order (GJLO) sectors. In year 2018-19, he served as a Council Member of Murang'a University of Technology.</p> <p>Notably, Mr. Mwamanzi has made contribution in ICT sector. In year 2023-4, he served as a member of ICT Sector Reform Taskforce that reviewed, evaluated and made recommendations on the sector policies, strategies, legal and institutional reforms to align the sector with country's digital transformation goals. In the taskforce,</p>


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		<p>he served as vice chairman of the Technical Working Committee: Innovation, Enterprise development, Digital skills and jobs. On policy development, reviews and implementation, he has participated and led initiatives to evaluate and reform ICT policies, frameworks, and protocols to support country's digital economy transformation - by contributing in the review and development of key policies and laws: Kenya AI strategy 2025-30, Kenya cloud policy 2025, National Land Policy 2023, Kenya National Addressing System policy and Bill 2023 draft, KICA 1998 & Regulations, among others. Tied to this, is the digital economy enablement where the focus has been the creation of a conducive environment for ICT development to drive job creation, business empowerment, and improved service delivery in Kenya.</p> <p>AI and Digital Innovation, Mr. Mwamanzi is an advocate for the responsible adoption of AI, emphasizing on balance between innovation and addressing challenges like data, infrastructure, skills, and ethical considerations. He was the MICDE Lead Focal Point in the Kenya AI Strategy 2025-30 development, a document that defines a road-map for the country's AI ecosystem development. On the Research and Innovation function, he oversees research efforts to drive technological advancements, focusing on leveraging emerging and AI technologies, and data analytics to enhance various sectors' contributions to economic growth and sustainable development of the country.</p>
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<p>9.</p>	<p>Mr. Kosgey Joseah Kipngeno Council Member- representing PS, National Treasury</p>  <p>Date of Birth: 10-03-1983 Appointed on: 2nd May, 2025</p>	<p>Joseah is a distinguished Finance Officer currently undertaking Master of Business Management (Finance Option) in Moi University. He also holds a Bachelor of Degree in Business Management (Finance Option) with 2nd Class Honors Upper Division from Moi University and is a Certified Public Accountant of Kenya (CPAK) finalist.</p> <p>Kosgey Joseah Kipngeno is an accomplished Finance Specialist with over 16 years of experience in Public Finance management at the National Treasury of Kenya, where he currently serves as Assistant Director of Budget. His expertise includes developing and implementing comprehensive Budgeting, Financial management frameworks and conducting Capacity building and guide strategic decision-making.</p> <p>At the National Treasury, Joseah has played a pivotal role in shaping and executing innovative budget management policies including preparation of medium-term budgets management strategies. His expertise has led to the development of reliable budget service forecasts and improved transparency through the dissemination of public budget data. His contributions have been critical in advancing financial management strategies, particularly in the realm of sovereign Budget management in Kenya.</p> <p>Beyond his professional accomplishments, Joseah is passionate about capacity building. He actively mentors emerging Finance Officers and promotes best practices in public Finance management in ensuring the next generation is equipped with the knowledge and skills to navigate the complexities of the financial landscape.</p>
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<p>10.</p>	<p>Prof. Jennifer Wanjiku Khamasi, EBS - Acting Principal/ Council Secretary</p>  <p>Date of Birth: 05-11-1959 Appointed on: 28th July, 2022</p>	<p>Professor Jennifer Wanjiku Khamasi has held numerous significant leadership and management roles throughout her extensive career in education, both within Kenyan universities and in broader national and international initiatives. Her roles demonstrate a strong capacity for executive leadership, administration, strategic planning, and project management.</p> <p>Prof. Khamasi holds a PhD from the University of British Columbia, MEd from the University of New Brunswick, Canada, and a BEd from the University of Nairobi.</p> <p>Here is an outline of her key leadership and management roles:</p> <p>Current Leadership Role (since July 2022): Prof. Khamasi is the CEO and Ag. Principal of the Kenya Advanced Institute of Science & Technology (Kenya-AIST). In this pioneering role, she is responsible for the day-to-day management of the Institute and serves as the Secretariat to the Institute Council.</p> <p>In the process of operationalizing the Institute, she has led and coordinated the development of key policies which include the Institute Charter and Statutes, HR Instruments, Finance Management and Procedures Policy, Anti-corruption Policy, Procurement and Asset Disposal Policy, Academic Integrity Policy, Gender Mainstreaming Policy, Disability Mainstreaming Policy, Risk Management Policy, Waste Management Policy, and Climate Change Mitigation Policy, Curriculum Development and Review, Academic Integrity Policy as well as the Kenya-AIST Strategic Plan 2025-2028 among others.</p> <p>Before joining Kenya-AIST, she held university administrative and leadership</p>
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		<p>positions, key among them was the position of the Registrar Academic Affairs at Dedan Kimathi University of Technology (May 2014-July 2022). In this role, she managed academic affairs functions, which included coordinating Senate committees, student welfare (admissions, teaching and learning schedules), examination processing, graduation preparations and certification, curriculum development and accreditation of academic programs. She also managed Senate secretariats. Other leadership and administrative roles in the higher education sector include: Director of the Institute for Gender Equity, Research and Development at Moi University (2005-2011); Associate Dean of the School of Education at Moi University (August 2002-2005); and Head of the Department of Family and Consumer Sciences at Moi University (February 2003-March 2009).</p> <p>Over the years, she has participated in many research projects and published widely. Three projects that have changed lives are: "Gender Equity Project under MU-K-VLIR-UOS-Programme" (2007-2012, funded by Flemish Interuniversity Council), "Building primary and secondary teaching capacities in the Daadab refugee camps" (2012-2017, a CIDA-funded consortium project); and "Living, Learning and Teaching in a Refugee Camp" project (2013-2018, in partnership with UBC & funded by the Social Sciences and Humanities Research Council of Canada). She is a member of Educational Leaders without Borders and a Co-Founder and Director of the Kenya Association of Educational Administration & Management (KAEAM), an affiliate of the Commonwealth Council for Educational Administration & Management (CCEAM) (2005-present).</p>
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4. INSTITUTE KEY MANAGEMENT

Kenya-AIST Council was appointed on 23rd May 2023, and held its first meeting on 29th May, 2023. The Council and management expected the construction of the campus buildings to be completed by July 2024 to pave way for the accreditation of the academic programmes and the Campus facilities; and finally, the award of Charter. On 17th June, 2025, the contractor handed over the Kenya-AIST facilities to the Employer/Ministry of IC & the DE, State Department ICT and the DE, who consequently handed over to the Institute Council.




Despite the delays in the completion of the construction of the facilities (from September 2023 to June 2025), the Institute continued laying the ground for full operationalization through the development of requisite policies and procedures and recruitment of critical staff. A total of 18 policies has been developed and approved by the Institute Council for implementation. The Institute Strategic Plan 2025-2028 was approved by Council and thereafter discussed with stakeholders in a forum held on 1st August, 2025. The document will be submitted to the National Treasury for approval. Other efforts including establishment of partnerships and linkages, which contributed to the enhancing visibility of the institute, recruitment of critical technical and administrative staff, generally managing the facilities after take over. The preparations for the award of charter are ongoing, which includes recruitment of professors and additional administrative staff all in preparation for student intake in 2025/2026FY; and consequently, full operationalisation.

The following officers assists the Ag. Principal in management of Kenya-AIST:

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S/N	Management	Details
1.	<p>Prof. Jennifer W Khamasi, EBS Ag Principal</p> 	<p>Prof. Khamasi is the Pioneer Ag. Principal Kenya Advanced Institute of Science and Technology. She discharges her duties and responsibilities as explained above. Having been allocated recurrent budget for 2024/2025FY, the recruitment of staff is ongoing as provided for in the staff recruitment plan.</p>
2.	<p>CPA. Robert Ngatia Wathegi Ag. HoD, Finance</p> 	<p>Holds a Masters of Business Administration (Finance Option) from Kenyatta University, a Bachelor of Arts (Economics & Sociology) from University of Nairobi and is a Certified Public Accountant of Kenya (CPAK). He is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) and Institute of Internal Auditors of Kenya (IIA).</p>
3.	<p>Mr. Jacktone Otieno Omoke Ag. HoD, Supply Chain and Logistics</p> 	<p>Holds a Bachelor of Commerce (Procurement and Supply Chain Management option) from the University of Nairobi, a Diploma in Supply Chain Management at National Youth Service Institute of Business Studies.</p>

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<p>4.</p>	<p>Ms. Jackline Njeri Kathuri Ag. HoD, Administration & Human Resource / Council Secretariat</p> 	<p>Holds a Bachelor of Arts from Kenyatta University, International Diploma in Human Resource Management and is a Member of the IHRM.</p>
<p>5.</p>	<p>Mr John Gitibi Rukioyah Ag. Legal Officer/ Council Secretariat</p> 	<p>Holds a Postgraduate Diploma in Law from Kenya School of Law, a Bachelors of Law from Moi University, and is a member of the Law Society of Kenya</p>
<p>6.</p>	<p>CPA. James Muthusi Maingi Assistant Director, Internal Audit</p> 	<p>Holds a Master in Business Administration, Strategic Management from Kenyatta University, A Bachelor of Business Administration (Finance and Accounting Option) from Kenya Methodist University and is a Certified Public Accountant of Kenya (CPAK). He is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) and Institute of Internal Auditors of Kenya (IIA).</p>

5. CHAIRMAN'S STATEMENT



It is my privilege to present the Annual Report and Financial Statements for the 2024/2025 financial year to our esteemed stakeholders. I start by celebrating members of Kenya-AIST Council for their commitment since the commencement of our service to the Kenya-AIST. This report is a testimony that we have completed two years of dedicated service to the Kenya-AIST. The Council began their second year of service in June 2024. As they approved their work plan and schedule of meetings, they renewed their steadfastness in support of the operationalization of the Kenya-AIST. We therefore began the 2024/2025FY with the hope that the Kenya-AIST will be allocated adequate recurrent budget to support its operationalisation; that the construction of the campus buildings will be completed by October, 2024, handed over to Council by December 6th 2024, and that Kenya-AIST will be granted Charter by April 2025. We were also hopeful that we will witness the admission of the first cohort of students in September 2025.

Gladly, by June 2025, the Council had realised many achievements that are outlined in the following sections.

- i. In the spirit of collegiality and collaboration, the Council successfully held 30 meetings that comprised of five full council meetings, five full council special meetings and eighteen (18) committee meetings. In addition, the Council benefited from two retreats in the year under review.
- ii. The Kenya-AIST is in the formative stage; and management and academic systems have to be established and supported with relevant policies. In this regard, the Council considered and approved 18 policies for implementation.
- iii. We managed to develop the first Kenya-AIST Strategic Plan (2025-2028); which went through the full cycle with rigorous stakeholder engagements, high-level consultations and contribution from diverse subject matter experts.

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- iv. In the year under review, we intensified our efforts to establish international linkages with universities, advanced research institutions and industry. Four (4) initiatives were started: (i). in February 2025, Kenya-AIST was invited to partner with Earthbanc, Sweden in regeneration of forests in Kenya; (ii). in March 2025, we initiated a collaboration with the School of Engineering and ICT at the University of Malaga, Spain; (iii). in April 2025, Council approved a proposal on Cooperation in Development of Academic Exchange in the area of Research and Education from Wuhan Textile University (Wuhan P.R. China); and (iv). in May 2025, a meeting was held with a representative from the Institute for Technological Research, at Sao Paulo, Brazil (4). Several consultative meetings were held with various stakeholders among them, government agencies, development partners and the private sector.
- v. As a young institution, visibility by stakeholders, would be students and staff and development and research partners is important to us. In the last one year, we have attracted participation of development partners, government agencies, local community groups, and the private sector to our key events. New networks were established locally and internationally.
- vi. We on-boarded our pioneer administrative and technical staff after a successful recruitment and induction process.
- vii. With a sigh of relief, the Council received the keys to Kenya-AIST facilities in a handover ceremony that was officiated by the PS, State Department of ICT and the DE, Eng. John Tanui, MBS, on 17th June, 2025. The staff moved into the premises on 18th June, 2025.

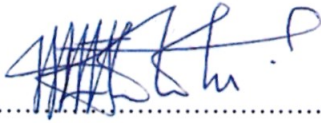
The above achievements notwithstanding, we encountered a number of challenges in the year under review. The most critical and worth mentioning is the delayed completion of the construction of the Kenya-AIST campus and installation of equipment. The delays affected the Council work plan considerably. In this regard, the academic programmes and institutional accreditation, the award of charter and recruitment of the first cohort of students had to be rescheduled to a later date.

Lastly, I take this opportunity to acknowledge the support received from the National Government, the Ministry of IC and the Digital Economy and in particular, the Cabinet

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Secretary and the Principal Secretary, the State Department of ICT and the Digital Economy. The support from Dedan Kimathi University of Technology and the many stakeholders is also appreciated. Finally, my appreciation goes to the Council and staff who have dedicatedly served the Institute.

Our plan in 2025/2026FY is to ensure Kenya-AIST is fully operational. We are therefore getting ready for campus and academic programmes accreditation, and for the charter award.



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

6. REPORT OF THE AG. PRINCIPAL



I am delighted to present the Annual Report and Financial Statements for the year ended 30th June 2025, on behalf of Kenya Advanced Institute of Science and Technology (Kenya-AIST) staff and the Council. Kenya-AIST was established as a legal entity on 8th July, 2022, with a mandate of addressing the shortage of highly skilled engineers and scientists needed in Kenya and in the region, to drive Kenya into a knowledge-based economy, industrialization and modernization. On 11th March, 2025, in reference to Section 24 (a) of the Universities Act, the Cabinet declared that Kenya-AIST should be established as a specialized postgraduate only institution of strategic national importance. This Cabinet Resolution placed Kenya-AIST in a special category that once it is Chartered, should pave way for full government support in order to deliver on its mandate.

The 2024/2025FY was the second year of leadership for Kenya-AIST Council. Six of its nine (9) members were appointed on 23rd May, 2023, and held their inaugural meeting on 7th June, 2023. Three additional members joined in 2023, 2024 and 2025 respectively. I therefore gladly report that the 2024/2025 financial year started with all the founding Council members in place and concluded with a total of nine (9) appointed members. Together, we recorded commendable achievements by 30th June, 2025.

During its first meeting in July 2024, Council approved their work plan and the Almanac for 2024/2025 financial year. Motivated and hopeful, Council started the year with three assumptions: i). that the construction of the campus facilities will be completed and equipped by October, 2024; and handed over to Kenya-AIST Council on 6th December 2024, (ii). that the Kenya-AIST will be awarded a charter by April 2025, and finally, (iii). that the first cohort of students will be recruited by September 2025. The Council and Management were convinced that once the three assumptions are achieved, Kenya-AIST would be on a path to full operationalisation.

In the last week of May 2025, Council held a retreat and reviewed their achievements for the financial year. The outputs and outcomes are discussed in the following section.

- a) **Collegiality and collaborative spirit nurtured.** The Institute Council, Management, and staff have collectively completed the second year of operationalization; and each has served Kenya-AIST with dedication leading to the achievement of the set targets for the operationalization of the Institute. In total, Council successfully held 28 meetings that comprised of five (5) regular council meetings, six (6) full council special meetings, and the four committees of council held a total of eighteen (17) meetings. The Committee meetings were distributed as follows: Strategic Planning and Development Committee - 5 meetings, Audit and Risk Management Committee meeting - 2, Finance Committee meeting - 5 and HR and Welfare Committee meeting - 5. In addition, Council held two retreats in the year under review, one in the first quarter and the second in the last quarter. A conducive working relationship was nurtured within Council members and between Council and Management. We have therefore formed a team that is focused on ensuring that Kenya-AIST delivers on its core mandate.
- b) **Key Management and Academic Policies Approved:** The pioneer Council and staff have to set up systems that ensure Kenya-AIST is compliant to all government policies including those of the Commission for University Education, the regulator. In the year under review, Council approved 18 policies that must be ready in preparation for institutional and academic programmes accreditation, and the award of charter. The policies include: Student Admission Policy, Fees Payment Policy, Student Rules and Regulations, Student Information Handbook, Research Policy, Examination Processing Policy, Curriculum Development and Review Policy, Quality Assurance Policy, Library Policy, Academic Integrity Policy, Internal Audit Charter, Kenya-AIST Risk, Management Policy, Procurement and Asset Disposal Policy, Information Communication Telecommunication Policy, Common Academic Programmes Regulations, Security and Disaster Management Policy, Kenya-AIST Corporate Risk Register, and Gender Mainstreaming Policy.

- c) **Strategic Plan 2025-2028:** This is a key deliverable in the 2024/2025FY. The development of the Strategic Plan has gone through the full cycle with rigorous stakeholder engagements, high-level consultations and contribution from diverse subject matter experts from the global community. Specifically, a team of Korean experts laid the foundations for the Strategic Planning by providing feasibility study reports and guided by the technical staff from the Ministry of Education. Additionally, stakeholders have made invaluable contribution to guide the focus of the planning process, leading up to the identification of the Key Results Areas (KRAs), Strategic Objectives and Strategies. As the very initial Strategic Plan for an advanced academic and research institution, some emphasis is placed on the layout of a strong foundation for excellence in these areas, leveraging on a robust partnership and collaboration framework. In this regard, the Plan identifies the following five (5) KRAs: Education and Training; Research and Development; Start-ups and Entrepreneurship; Partnerships; and Institutional Sustainability.
- d) **Linkages and partnerships established:** Kenya-AIST was conceptualized, designed and constructed as a specialized institution of strategic national importance, whose key focus will be research in science, engineering and technology at postgraduate level. We aim at establishing linkages and partnerships with similar local, continental and global institutions; and promote mutually beneficial relationships. In the year under review, the following four (4) initiatives were started: (i). in February 2025, Kenya-AIST was invited to partner with Earthbanc, Sweden in regeneration of forests project in Kenya; (ii). in March 2025, we initiated a collaboration with the School of Engineering and ICT at the University of Malaga, Spain; (iii). in April 2025, Council considered and approved a proposal on Cooperation in Development of Academic Exchange in the area of Research and Education from Wuhan Textile University (Wuhan P.R. China); and (iv). in May 2025, we held a meeting with a representative from the Institute for Technological Research, at Sao Paulo, Brazil.

The MoU with the Wuhan Textile University (Wuhan P.R. China) was approved by Council and a signing ceremony will be planned in the 2025/2026FY. The other three initiatives are also important to Kenya-AIST. The institutions will be our gateway to Sweden, Brazil and Spain respectfully; and in that regard, they will be prioritized and concluded in 2025/2026FY.

- e) **Visibility of Kenya-AIST enhanced:** In September, 2024, Kenya-AIST convened a successful high level knowledge sharing forum on the sidelines of International Association of Science Parks 2024 on the theme “Advancing the Frontiers of Science, Technology and Innovation through Training and Knowledge Production for Kenya’s Modernization”. The participants included government agencies, development partners, and the private sector.

On 11th April, 2025, we successfully held the Facilities Completion Ceremony, a high-level event graced by the Cabinet Secretary, Ministry of IC and the DE, Principal Secretary, ICT and the DE, the Ambassador of Korea to Kenya, H.E. Hyung-Shik Kang, and representatives from KoTRA, Korea Exim Bank, Kenya Vision 2030 Secretariat, and the Principal Secretary Higher Education among other dignitaries from GoK agencies and stakeholders.

In support of the GoK’s goal to grow 15 billion trees by 2032, we held a meeting with the Chief Conservator of Forests in April 2025 and discussed areas of partnerships in training and research to support forest regeneration using innovative technologies. The partnership will add value to Kenya-AIST linkage with Earthbanc, Sweden. In addition, the Institute partnered with Kaiti Greening Champions, Makueni, for a tree planting event held on the 14th April, 2025. A total of 3000 trees were planted in several localities in Makueni County through this partnership.

Given the foregoing, it is evident that Kenya-AIST’s visibility is on an upward trajectory having attracted participation of development partners, government agencies as well as local community groups and private sector to our key events in the year. New networks were established in the community and internationally. The efforts will be scaled up.

- f) **On boarded onto E- Citizen platform:** Kenya-AIST complied to the Government’s directive issued in the year by on-boarding on the E- Citizen platform. We will be active on the platform when the full operationalization process starts.
- g) **Recruitment of critical technical and administrative staff:** Kenya-AIST recruited critical staff, in readiness for the handover of the facilities by the Contractor. A total of 13 staff were recruited in the year under review and a staff induction training

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successful carried out in February 2025. In total, Kenya-AIST has 17 members of staff including the Ag. Principal.

- h) **Takeover of Kenya-AIST facilities from the Contractor:** Construction of the Campus facilities started in September 2021 and was completed on 30th March, 2025. The facilities were handed over to Kenya-AIST through the employer, the Ministry of IC and the DE, State Department of ICT and the DE on 17th June, 2025. Management and staff occupied their offices on 18th June, 2025.

With much gratitude to the GoK, Kenya-AIST is a happy owner of brand new teaching, learning and research facilities that are equipped with the state of the art teaching and research equipment, a digital library system, water and power management system, security system/CCTV and fire command infrastructure, a 250 capacity auditorium, a multi-purpose hall with a capacity of 600 persons, and four residential buildings for students and staff among other provisions.

Despite the many achievements, we encountered a number of challenges. The delay in the completion of construction of Kenya-AIST facilities affected the Council and Management work plans considerably; and specifically, the activities that were to take place between December 2024 and June 2025. As mentioned above, the Kenya-AIST Council started 2024/2025FY with three assumptions: i). that the construction of the campus facilities will be completed and equipped by October, 2024; and handed over to Kenya-AIST Council on 6th December 2024, (ii). that the Kenya-AIST will be awarded a charter by April 2025, and finally, (iii). that the first cohort of students will be recruited by September 2025. The first assumption was not realized by the expected dates. The 2nd and 3rd assumptions are yet to be realised.

By June 2025, and having successfully served for two years and three respectively, the Council and Management was motivated to begin 2025/2026 financial year in anticipation of the accreditation of facilities and the academic programmes, the award of charter and full operationalization of the Institute that includes recruitment of faculty and students.

Financial Performance: The global economic challenges and the local economic depression forced the government to introduce austerity measures; a decision that contributed to allocation of inadequate recurrent budget, which significantly affected the

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performance of the Institute's operations during the year under review. In addition, delays in the completion of the Kenya-AIST Project negatively hampered the full operationalisation of the Institute. For example, recruitment dates for the first cohort of students had to be shifted to a later date due to insufficient human and financial resources.

During the 2024/2025FY, the Institute received an income of Kshs. 134,400,000 being the recurrent exchequer from government capitation; against an expenditure of Kshs. 103,698,314, resulting to a surplus of Kshs. 30,701,686. There was no own revenue generated in the period under review. The estimated asset base for the Institute by 30th June, 2025 is in excess of Kshs. 5 billion.

In conclusion, we acknowledge the support received from the Ministry of IC and the Digital Economy, and in particular from the Cabinet Secretary and the Principal Secretary, State Department of ICT and the Digital Economy. As a Constituent College of Dedan Kimathi University of Technology (DeKUT), we recognise the support provided by management, faculty and administrative staff. The Ministry and DeKUT's support helped mitigate the outcomes triggered by the challenges encountered. I also take this opportunity to acknowledge the moral and material support provided by other stakeholders and service providers in that one year.

Our plan is to have the Kenya-AIST campus facilities and the academic programmes accredited before the end of the 2nd quarter, 2025/2026FY, and pave way for the award of charter; and consequently, we kick-start the process of full operationalization of the Institute.



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

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

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Kenya-AIST is a flagship Project under Vision 2030 and critical in the achievement of Bottom-up Economic Transformation Agenda (BETA). The establishment of Kenya-AIST was aimed at meeting the shortage of highly skilled engineers and scientists needed in Kenya and the region; to drive Kenya into an industrialized nation; that is fuelled by knowledge-based economy. Modelled after the Korean Advanced Institute of Science & Technology (KAIST), Kenya-AIST project was conceptualized, designed and financed as an institution of strategic national importance. The construction of the Kenya-AIST campus in Konza Technopolis started in 2021 and was completed in March 2025. The facilities were handed over by the contractor to the employer and the Council on 17th June, 2025.

In the year under review, the Institute focused on laying the ground for full operationalization despite the delays in the completion of the construction of the facilities. Key activities included development of requisite management and academic policies and procedures and ensuring that they are approved by the Council for implementation; recruitment of critical technical and administrative staff in readiness for the take-over of the facilities on completion; establishing partnerships and linkages with local and global institutions, which contributed to the enhancement of visibility of the Institute nationally and globally; and ensuring systems and processes are in place for managing the facilities after take over.

This is the year that Kenya-AIST developed its first Strategic Plan -2025-2028. The plan has gone through a full cycle with rigorous stakeholder engagements, high-level consultations and contribution from diverse subject matter experts from the global community. Specifically, a team of Korean experts laid the foundations for the Strategic Planning by providing feasibility study reports which were presented to local stakeholders under the guidance of technical staff from the Ministry of Education. Additional, stakeholders have made invaluable contribution during a formal stakeholder forum, where feedback was received and used to finalise Plan.

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The Plan identifies the following five (5) Key Result Areas; which will be operationalised in seven academic departments, through 27 thematic areas, and using various approaches to teaching, research and innovations management.

- Education and training (KRA 1),
- Research and development (KRA 2),
- Supporting start-ups and entrepreneurship (KRA 3),
- Creating partnerships (KRA 4), and
- Ensuring institutional sustainability (KRA 5).

Kenya-AIST has developed its annual work plans based on the above five pillars.

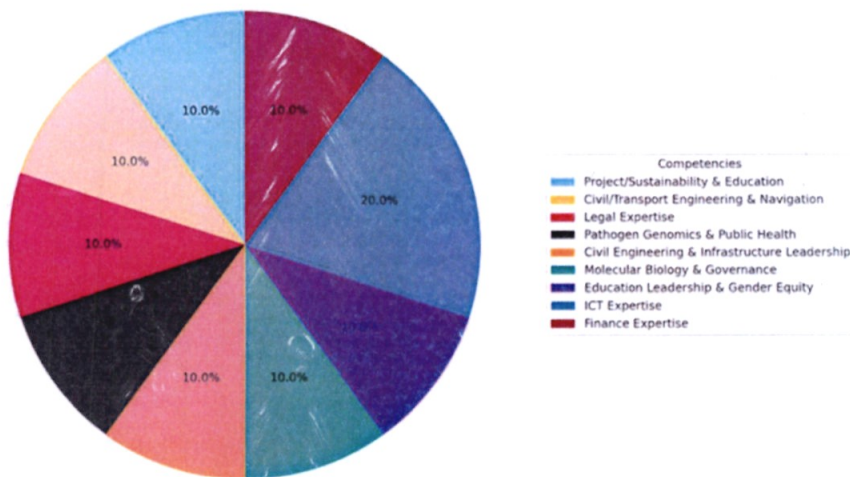
The Council was appointed in May 2023 and its performance is assessed against its annual work plan on an annual basis. The Kenya-AIST Council achieved its performance targets set for the FY 2024/2025 period.

8. CORPORATE GOVERNANCE STATEMENT

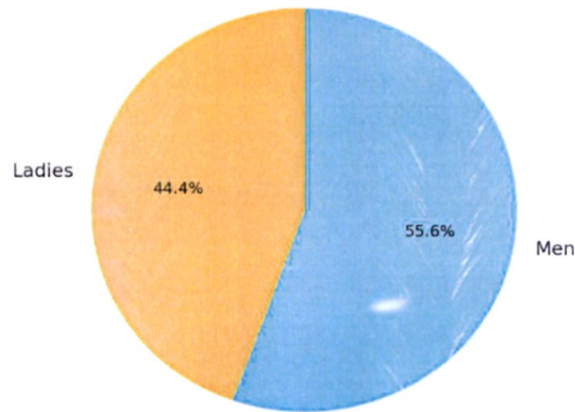
Section 36(1) of the Universities Act provides that a University Council shall consist of nine persons appointed by the Cabinet Secretary:- the Chairperson; the Principal Secretary in the Ministry for the time being responsible for The National Treasury; the Principal Secretary in the Ministry for the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

The Kenya-AIST’s Council comprises of the Chairman; 5 independent members; the Principal Secretary, State Department for ICT and Digital Economy; the Principal Secretary, State Department for Higher Education and Research, the Principal Secretary, the National Treasury, and the Ag. Principal as an *ex-officio* member and secretary to the Council. The team has members from different professional backgrounds with diverse skills, competences and complies broadly with the constitutional and gender balance requirements as shown in Pie Chart 1 and 2, below

Pie Chart 1: Council Competences



Pie Chart 2: Council gender representation



Role of the Chairman

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

Council Committees

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

Finance Committee

The Finance Committee is responsible for: -

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

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

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

Audit and Risk Management Committee

The Audit and Risk Management Committee is mandated to: -

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

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

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

Strategic, Planning and Development Committee

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

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

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

Human Resource and Staff Welfare Committee

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

i. Staff Appointment

- (a) Reviewing and recommending policies related to staff recruitment, retention, training, and performance management to ensure they align with the Institute's mission and strategic goals.

- (b) Overseeing the recruitment and selection processes, ensuring transparency, fairness, and adherence to Kenya AIST's approved recruitment strategies.
- ii. **Staff Welfare matters**
 - (a) Initiation and review of amendments to the disciplinary procedure.
 - (b) Monitoring staff welfare programs, including health, safety, work-life balance initiatives, and social benefits that promote staff well-being and a positive work environment.
 - (c) Providing oversight on staff relations, including conflict resolution, grievance management, and compliance with labour laws, ensuring a conducive and harmonious working environment
- iii. **Staff Housing matters**
 - (a) Recommending policies related to staff housing, including eligibility criteria, allocation procedures, and maintenance responsibilities.
 - (b) Reporting to the Council on staff housing matters, including occupancy rates, maintenance issues, and any proposed changes to housing policies.
- iv. **Staff disciplinary matters** - Considering charges and evidence of staff in disciplinary cases and recommending to Council appropriate action to be taken.
- v. Regularly reporting to the Council on human resource matters, including staffing needs, staff development initiatives, welfare programs, and any emerging HR challenges or opportunities

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

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

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

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

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Committees held meetings as follows:

<ul style="list-style-type: none"> • Full Council- 5 meetings • Special Full Council- 6 meetings • Human Resource & Staff Welfare - 5 meeting 	<ul style="list-style-type: none"> • Finance- 5 meetings • Audit, Risk & Compliance-2 meetings • Strategic, Planning & Development - 5 meetings
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Period beginning 1st July 2024 to 30th June 2025

Council Member	Classification	Designation	HR& Staff Welfare	Finance	Audit, Risk & Compliance	Strategic, Planning & Development	Full& Special Council
Prof. Emmanuel Mutisya	Independent Appointed on: 23-05-2023	Council Chair					11
Dr. Collins Tanui	Independent Appointed on: 23-05-2023	Chairperson, Finance Committee	5	5			10
Eng. Meshack Kidenda	Independent Appointed on: 23-05-2023	Chairman, Strategic, Planning & Developmen t		5		5	11
Prof. Washington Ochieng	Independent Appointed on: 23-05-2023	Chairman, HR and Staff welfare	5			5	9
Ms. Purity Mureithi	Independent Appointed on: 23-05-2023	Chairperson, Audit, Risk & Compliance	5		2		11
Ms. Sarah Kabira	Independent Appointed on: 28-06-2024	Council Member -		2		1	3
Dr Roselida Owour	Representing. PS. SDHER Appointed on: 23-05-2023	Council Member		5		5	11

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Mr. Nusu Mwamanzi	Representing. PS. ICT and DE Appointed on: 18-06-2024	Council Member		5	2		9
Prof. Jennifer W. Khamasi	Ag. Principal Appointed on: 28-07-2022	<i>Ex-officio</i>	3	5	2	5	11

b) Succession Plan

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

c) Existence of a Board Charter

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

d) Process of Appointment and removal of Council Members

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

e) Roles and functions of the Council

The Kenya AIST Council is the principal governing body of the Institute, vested with the authority to exercise all powers conferred upon it by the Universities Act, 2012, the Kenya-AIST Legal Order, and the Kenya-AIST Statutes. As the custodian of the Institute's governance framework, the Council plays a pivotal role in ensuring effective oversight,

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strategic leadership, and policy direction. It is responsible for guiding Kenya-AIST in achieving its mission of advancing scientific research and technological innovation, while fostering a culture of excellence and accountability in its operation

The powers and functions shall include:

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

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

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

f) Induction and Training

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

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

g) Council and Member performance

Council evaluation is key in assessing the performance, efficiency and effectiveness of an organisation. The Council undertakes regular annual performance evaluations to enable

it to review its strategies to ensure continuous growth and sustainability. This evaluation exercise is conducted by the State Corporation Advisory Committee (SCAC). The Council performance evaluation for the 2024/2025 financial year took place on 21st August, 2025.

h) Conflict of Interest

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

i) Council Remuneration

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

j) Ethics, Conduct and Governance Audit

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

- (a) Leadership and strategic management;
- (b) Transparency and Disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders;
- (e) Council independence and governance;
- (f) Council systems and procedures;
- (g) Consistent shareholder and stakeholders' value enhancement; and
- (h) Corporate social responsibility and investment

i) Internal Audit and Assurance

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

ii) Corruption Prevention Strategies

Kenya-AIST has an Anti-Corruption Policy in place. As Kenya-AIST moves into full operational phase, implementing robust corruption prevention strategies is crucial for maintaining integrity and transparency. These strategies include enforcing strict financial controls, and promoting a culture of accountability as well as ensuring that the policy is fully implemented. Kenya-AIST aims to build a foundation of trust and ensure that its resources are used effectively in support of its mission and objectives.

iii) Whistle Blowing Policy

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

iv) Code of Conduct

The Kenya Advanced Institute of Science and Technology (Kenya-AIST), as a new institution, works closely with staff from the Ministry of IC and Digital Economy (IC & DE), Konza Technopolis Development Authority (KoTDA) and Dedan Kimathi

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University of Technology (DeKUT). These staff members are bound by the Code of Ethics for Public Officers, as stipulated in the Public Officer Ethics Act, 2003. This code ensures that all employees adhere to the highest standards of integrity, accountability, and professionalism in their duties at Kenya-AIST.

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

v) Risk Management

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

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

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

The Institute submitted a recurrent budget requirement of Kshs. 699,741,387; however, it was allocated a recurrent budget of Kshs. 134,400,000 for the 2024/2025 financial year. This is the second budget allocation after Kshs. 40,000,000 in the 2023/2024 FY. The funding was primarily utilized for personnel costs, operation and maintenance costs and costs related to the development of key policies and strategic frameworks essential for the Institute's operationalization.

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

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

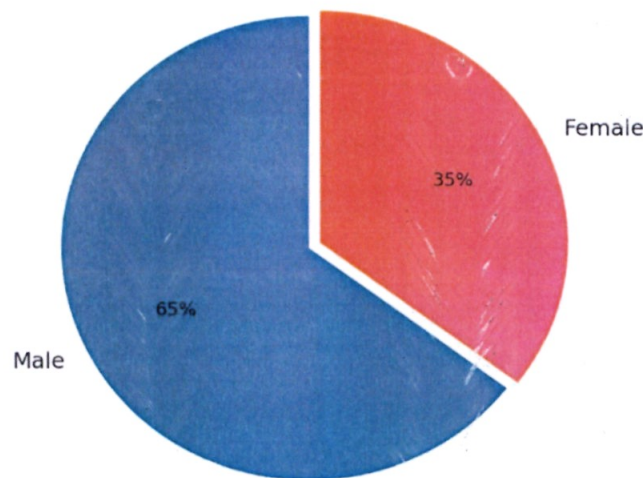
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Human Resource

The Institute currently has a total of 17 administrative staff, 65% (11) male, and 35% (06) females. This number include one (1) staff living with a disability. Of these, two (2) staff are seconded from the Ministry of IC and Digital Economy, while one (1) staff member was seconded from Dedan Kimathi University of Technology (DeKUT).

In addition to the current workforce, the Institute is in the process of recruiting the academic staff. Recruitment of Professors is ongoing, following the advertisement of these positions on 10th June 2025. This recruitment drive is aimed at a strong foundation for teaching and research capacity of the Institute; in line with its mandate to deliver high-quality education and research in science, technology, and innovation. The Institute is compliant with the Kenya's statutory gender representation as guided by the 2010 Constitution, particularly the two-thirds gender principle, which mandates that no more than two-thirds of members in public bodies can be of the same gender.

The gender representation of staff is as shown below



Disability Matters

Kenya-AIST is committed to creating an inclusive and supportive environment for persons living with disabilities. All Institute buildings are fitted with lifts and have washrooms specifically designed to cater for the needs of persons living with disabilities.

Kenya-AIST has developed a Disability Mainstreaming Policy, which provides a clear framework for promoting inclusivity, equity, and accessibility across all academic, administrative, and operational areas of the Institute. This policy underscores Kenya-AIST's commitment to ensuring that persons living with disabilities are fully supported to participate and thrive within the Institution.

The Institute has designated well-labelled parking spaces for PWDs at Kenya-AIST. Buildings were equipped with smooth, wheelchair-friendly ramps and high-capacity elevators that enabled easy movement. Adequate modified toilets for Persons with Disabilities for each gender were available. Restrooms were designed with wide sliding doors, and lower sinks to ensure comfort and ease of use by persons with disabilities (PWDs). These washrooms were fully equipped, adequate in number and had good adequate natural lighting and ventilation.

Financial performance of the Institute as at 30th June, 2025

The Institute continues to rely on the exchequer for funding its activities. This will later be supplemented by internally generated revenues mainly from students and research grants. In the 2024/2025 financial year, the Institute received an allocation of Kshs 134,400,000 recurrent budget and a further Kshs. 49,200,000 capital budget as part of project counter-part funds for operationalization of the Institute. The Institute receives a monthly exchequer of Kshs. 11,200,500 from the State Department of ICT and the Digital Economy. In the Fourth Quarter of the 2024/2025 financial year, the Institute received Kshs. 22,400,000 as a recurrent grant and Kshs, 24,600,000 as capital grant with Kshs 11,200,000 being receivable at the close of the period. The Institute had a recurrent revenue of Kshs. 134,400,000 and a recurrent expenditure of Kshs. 103,698,314 which resulted to a surplus of Kshs. 30,701,686 during the year.

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

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

Resource Mobilisation

The Institute received an insufficient recurrent budget allocation from exchequer for the operationalisation with a requirement of Kshs 699.7 million against an allocation of Kshs. 134.4 million in the 2024/2025 financial year. This deficit in financing contributed to the delays in operationalisation since the available resources were not sufficient to recruit requisite staff members and run other important operations that would have culminated to award of charter and student's intake. However, as a newly established institution, the Institute is cognizance of the shrinking exchequer allocations and therefore establishing sustainability systems in the Strategic Plan is paramount. Prioritization and expected impact analysis will continue to inform our allocation of financial resources while our internal systems will be enhanced for efficiency, effectiveness and accountability.

Kenya-AIST has explored several resource mobilization strategies by proactively engaging with various development partners to share its vision and mission and establish a baseline for future funding initiatives. This is being actualised by establishing collaborations with institutions such as the African Development Bank (AFDB) among others; with an aim of fund raising for research and innovations. The Institute has also established Memorandum of Understanding (MoUs) with other research institutes such as Korea Advanced Institute of Science and Technology (KAIST) and International Vaccine Institute (IVI) to collaborate in research and staff and student exchange programmes.

SECTION B

(a) Compliance with statutory requirements

The Institute Management ensures compliance with statutory requirements, including deduction and filing of statutory employees and suppliers deductions such as Social Health Insurance Fund, National social Insurance Fund, Affordable housing Levy, Nita Levy, Pay as you Earn, HELB, Withholding Tax etc The institute has also established an Internal Audit Risk and Compliance Department which conducts quarterly statutory compliance audits, risk assessment and internal controls checks and table the reports to the Audit, Risk and Compliance Committee of Council, and subsequently to the Full Council. Further, the Institute is audited by the Office of the Auditor General and is compliant with financial reporting requirements.

SECTION C

a) Key projects/investment decisions implemented/ongoing

The construction of the Kenya Advanced Institute of Science and Technology (Kenya-AIST) campus was completed by March 2025 and handed over on 17th June 2025. The campus is a flagship project under Kenya Vision 2030 and was jointly funded by the Government of the Republic of Korea and the Government of Kenya, an initiative that has demonstrated a strong international collaboration.

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

Kenya-AIST is therefore a major investment that is aligned with national objectives of realising the Kenya Vision 2030, and supporting the Bottom-Up Economic Transformation Agenda (BETA) Economic Model of the Government of Kenya by offering quality education in science, engineering and technology. Consequently,

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contributing to modernisation and industrialisation of Kenya. The completion of these facilities will pave way for institutional accreditation, the award of charter, and full operationalisation in 2025/2026FY.

SECTION D

a) Major risks facing the Institute

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

(i) Credit risk

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due resulting in financial loss to the Institute. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute Management based on prior experience and their assessment of the current economic environment. Credit risk on liquid funds with financial institutions is low because the counterparties are banks with high credit ratings.

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

To mitigate this risk, the Institute has implemented the following mitigating measures: having a student fees policy with strict credit control Mechanisms and also creating an allowance for Doubtful Debts. Establishing a debt management policy which will aid in monitored receivables on a continuous basis to ensure compliance.

(ii) Liquidity risk management

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

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

To mitigate this risk, the Institute has put in place the following measures; strict expenditure commitment controls, maintaining adequate bank balances, continuously monitoring of actual cash flows against forecasts and reporting variances, to enable timely corrective action where necessary

(iii) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The institute will mitigate this risk by adopting a conservative investment strategy, prioritizing capital preservation

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

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

The Institute has implemented an institutional-wide risk-based approach to the design, application and review of its risk management systems and internal controls. The risk assessment practices are incorporated into planning, budgeting and financial reporting processes through risk registers which have been developed for all of the Institute operations. The risk register identifies, evaluates and manages all the material risks facing the Institute. A department that deals with Audit Risk and Compliance has been operationalized in the 2024/2025 financial year.

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

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

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

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

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

SECTION E

Material arrears in statutory/financial obligations

The Institute Management makes all efforts to ensure that all financial obligations are paid when they fall due but at the close of the 2024/2025 financial year, the Institute owed staff **Kshs. 2,428,779** and sundry creditors **Kshs. 15,066,866**. However, necessary provisions have been made to settle the obligation as and when they fall due.

SECTION F

The entity's financial probity and serious governance issues

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

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The Institute operate amid overlapping macro trends affecting sustainability through aligning our strategy and policy frameworks to international best practices. We are committed to entrenching sustainability strategies in all its operations. Our location at Konza Technopolis positions us at the heart of Kenya's future innovation ecosystem and commits us to lead by example on sustainability in research, teaching, operations, and procurement. In addition, the Corporate Social Responsibility plan will promote the Institute's commitment to operate in an economically, socially, and environmentally sustainable manner while recognizing the interests of its stakeholders. The Institute complies with Kenyan public procurement law, including Access to Government Procurement Opportunities (AGPO), which sets a 30% allocation target to enterprises owned by women, youth, and persons with disabilities (PWDs).

ii) Environmental performance

The Institute is located in Konza Technopolis, which is a hot and arid zone. Kenya-AIST recognizes environmental sustainability as one of the major challenges of the 21st Century and commits to ensuring that all essential operations consider the impact on the environmental. Kenya-AIST has put up measures to ensure effective waste disposal by having dedicated space for waste collection and segregation before disposal. The Institute has incorporated use of renewable energy such as solar power for lighting and water heating as well as electric vehicle charging ports to reduce carbon emission by vehicles. We have green areas in the compound with well-maintained grass and trees some being drought resistant plants that require less water to thrive. The buildings are well lit using natural light to reduce on electricity. An ERP system is being developed to enhance automation and paperless office operations. In addition, we note that Kenya-AIST will work collaboratively with KoTDA, the agency that is responsible of ensuring that the Technopolis is a smart and green city.

The Institute will safeguard ecological balance in its efforts to enhance air, water and soil quality while maintaining environmental benefits. The management is committed to minimize its water, energy and carbon demands while reducing environmental wastes and pollutants within its environs. Renewable energy sources will be installed and used

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in providing power in attempt to minimize the institutional energy demands. Solar panels will be installed to provide lighting for the academic blocks and other buildings that will be constructed in the future. Landscaping plans will ensure that the external environment suits the facilities' architecture. The landscape plans will retain adequate space for parking slots, open rest benches, and adequate play grounds which respects the environmental aesthetic value. At all times an Environmental Impact Assessment shall be carried out for new and modified constructions in compliance with NEMA regulations.

Kenya-AIST has further received the G-SEED (Green Standard for Energy and Environmental Design) Certification from the Korea Environmental Industry & Technology Institute (KEITI), valid from February 19, 2025 to February 18, 2035, in recognition of its commitment to sustainable design, energy efficiency, and environmental responsibility. Currently, Kenya-AIST is implementing its Waste Management Policy and Climate Change Mitigation Policy.

iii) Employee welfare

At Kenya-AIST, the recruitment process is guided by the **approved HR Procedures Manual and the Career guidelines**, ensuring transparent, merit-based hiring practices that promote **gender diversity** and inclusivity. We aim for at least 30% gender representation in staff recruitment and retention. These policies will be reviewed regularly to stay competitive and relevant.

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

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all departments. These efforts will align with the Kenya-AIST performance contracting framework, ensuring accountability, goal-setting, and continuous improvement in line with national public service requirement

Kenya-AIST is committed to complying with the Occupational Safety and Health Act (OSHA) of 2007, implementing regular safety audits, training, and form an active OSH committee to ensure a safe work environment. Safety policies are reviewed regularly to maintain high standards. The Institute has adequate up-to-date firefighting equipment and infrastructure, including Fire water; Fire Mechanical System Design; and Fire Electrical system. There is a Risk Management Policy and a Security Management and Resilience Policy at the institution. Kenya-AIST has taken comprehensive measures to ensure fire safety by adhering to all relevant fire safety regulations and standards to create a secure environment for students, staff, and visitors.

Security features of the buildings at Kenya-AIST includes access control points for authorized entry into restricted areas and a comprehensive CCTV surveillance system for enhanced monitoring of facilities at the institution. There is an adequate technology enabled security system; CCTV cameras are installed in all corridors; Security Guards are stationed in all strategic areas; and the institution engages critical infrastructure police unit on a need basis.

iv) Market place practices

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

a) Responsible competition practice

Kenya-AIST is a public institution that respects the rights of all individuals including stakeholders. The Institute endeavours to establish and maintain a fair competition policy and maintain respect for diverse opinions. Its maintains a zero-tolerance policy to corruption and operates under a service charter to improve service delivery.

b) Responsible Supply Chain and Supplier relations

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

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

c) Responsible marketing and advertisement

The Institute maintains ethical marketing practises avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, and respecting consumers. The Institute will market its academic programs, research outputs/innovations and services using approaches that are ethical and fair.

d) Product stewardship and Awareness creation

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

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

v. Corporate Social Responsibility / Community engagements

Kenya-AIST academic programmes and expected research outputs and outcomes are designed to positively impact the society. Secondly, the Institute will establish community outreach programmes with a goal of engaging the surrounding communities variously through staff and students' organisations and research dissemination among others. In 2024/2025FY, the Institute participated in a tree planting exercise organised in partnership with a community group at Kyambeke on 14th April, 2025.

11. REPORT OF THE COUNCIL MEMBERS

The Council members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Institute's affairs.

i. Principal activities

The principal activities of the Institute are as follows: -

The principal activities of the Kenya-AIST are to:

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

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

ii. Results

The results of the Institute for the Year ended June 30, 2025 are set out from **page 1 to 55**

iii. Council Members

The Council members who served during the year are as shown on **page xii - xxii**. During the year, the Council had nine members, six independent and three representatives from State Department of ICT and Digital Economy, The National Treasury and Higher Education. Two council members were appointed within the financial year. All council members are appointed for a period of three years.

iv. Surplus remission

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

As per the PFM ACT Regulation 211 (4), Kenya-AIST is categorised as a public university that is fully or partially funded through the national government budget thus not required to remit surplus to the Consolidated Fund. The Institute had an operating surplus of Kshs. 30,701,686; the institute did not remit any amount to the consolidated fund in the 2024/25 financial year.

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v. **Auditors**

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

By Order of the Council



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

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

12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

The Institute Council is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the year ended on 30/06/2025. This responsibility includes:

1. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
2. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
3. designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
4. safeguarding the assets of the Institute;
5. selecting and applying appropriate accounting policies; and
6. making accounting estimates that are reasonable in the circumstances.

The Institute Council accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

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

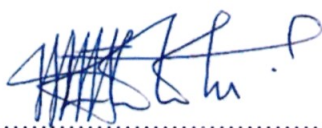
**Kenya Advanced Institute of Science and Technology
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The Institute Council further confirms the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the *Institute's* financial statements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

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

Approval of the financial statements

The Institute's financial statements were approved by the Council on 28th August 2025 and signed on its behalf by:



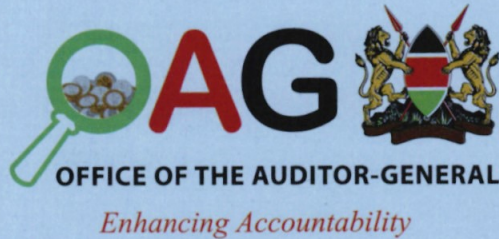
.....
Prof. Emmanuel Mutisya
Kenya-AIST Council Chairman



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

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Advanced Institute of Science and Technology set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance,

Report of the Auditor-General on Kenya Advanced Institute of Science and Technology for the year ended 30 June, 2025

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

In my opinion, the financial statements present fairly, in all material respects the financial position of the Kenya Advanced Institute of Science and Technology 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) and comply with the Legal Notice Number 130 of 8 July, 2022 under Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and an actual on comparable basis of Kshs.183,600,000 and Kshs.183,600,000 respectively. Similarly, the Institute spent Kshs.133,440,246 against actual receipts of Kshs.183,600,000 resulting in under-utilization of Kshs.50,159,754 or 27% 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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Issues

In the prior year's audit report, several issues were raised under Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness

of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Institute in 2024/2025 revealed that the matters as listed below remained unresolved as at 30 June, 2025.

No.	Financial Year	Audit Issue
1	2023/2024	Delay in Operationalizing the activities of Kenya Advanced Institute of Science and Technology
2	2023/2024	Lack of Ownership Documents of the Kenya-AIST Assets
3	2023/2024	Failure to Constitute an Internal Audit Unit and Audit Committee

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Holding of Board and Committee Meetings in Excess of the Approved Limit Without Prior Approval

The statement of financial performance reflects Council expenses amounting to Kshs.16,524,812 which as disclosed in Note 12(a) includes expenditure on Council sitting

allowances of Kshs.7,132,406. However, a review of Council documents for the financial year ended 30 June, 2025 revealed that the council members held eleven (11) full board meetings exceeding the maximum limit of six (6) meetings as stipulated in the applicable guidelines. A total of five (5) extra special meetings were held between August, 2024 and June, 2025

Further, no evidence of approval for the excess meetings by the relevant Cabinet Secretary in consultation with State Corporations Advisory Committee (SCAC) was provided for audit review. This is contrary to the provisions of the Head of Public Service Circular Ref. No. OP/CAB.9/1A dated 11 March, 2020 which states that; 'For avoidance of doubt, the board meetings shall be restricted to a minimum of four (4) and a maximum of six (6) for each financial year or as may be specified in the respective enabling legal instruments. The same principle shall apply to respective Committees of the Boards. Consequently, Chief Executive Officers must ensure thorough preparation of Board papers and relevant documentation to facilitate efficient meetings and the approval for any extra board meetings (including special board meetings) above the maximum number specified shall be submitted for approval by the relevant cabinet secretary, in consultation with SCAC.

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

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

REPORT ON THE 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 else 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.

Responsibilities of Management and Council Members

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern 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.

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


Auditor-General's Responsibilities for the Audit

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

11 December, 2025

**Kenya Advanced Institute of Science and Technology
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30TH JUNE, 2025**

	Notes	2024-2025	2023-2024
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from Government	6 (a)	134,400,000	39,794,500
Revenue from exchange transactions			
Total revenue		<u>134,400,000</u>	<u>39,794,500</u>
Expenses			
Use of Goods and Services	10 (a)	1,002,607	44,507
Employee Costs	11 (a)	26,097,482	13,866,103
Remuneration of Council	12 (a)	16,524,812	6,771,467
Depreciation and Amortization	13 (a)	2,572,586	0
Repairs and Maintenance	14 (a)	157,200	0
Contracted Services	15 (a)	2,287,030	0
Academic costs	16 (a)	8,330,228	1,053,922
General Expenses	17 (a)	46,726,369	14,905,098
Total expenses		<u>103,698,314</u>	<u>36,641,096</u>
Surplus/(deficit) for the Period		<u>30,701,686</u>	<u>3,161,004</u>

The notes set out on pages 5 to 55 form an integral part of these Financial Statements. The Financial Statements set out on pages 5 to 55 were signed on behalf of the Institute Council by:



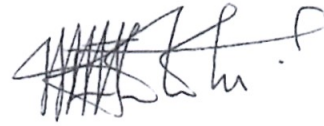
**Prof. J. W. Khamasi, EBS
Accounting Officer**

Date: 20th November 2025



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

Date: 20th November 2025



**Prof. Emmanuel Mutisya
Chairman of Council**


Date: 20th November 2025


Kenya Advanced Institute of Science and Technology
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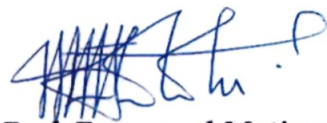
15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2025

	Notes	2024-2025	2023-2024
		KShs	KShs
Assets			
Current assets			
Cash & cash equivalents	18(a)	57,853,852	6,988,826
Receivables from Exchange Transactions	19	151,800	546,258
Receivables from Non-Exchange Transactions	20	11,200,000	0
Inventory		991,647	0
		<u>70,197,299</u>	<u>7,535,084</u>
Non-current assets			
Property Plant and Equipment	22 (b)	30,841,036	3,671,690
Work in Progress	23	0	0
		<u>30,841,036</u>	<u>3,671,690</u>
Total assets		<u>101,038,334</u>	<u>11,206,774</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	15,546,866	8,045,770
Employee benefit obligations	26	2,428,779	0
Total liabilities		<u>17,975,645</u>	<u>8,045,770</u>
Net asset		<u>83,062,689</u>	<u>3,161,004</u>
Represented by:			
Accumulated surplus	29	33,862,689	3,161,004
Revaluation reserve	30	0	0
Capital fund	31	<u>49,200,000</u>	<u>0</u>
Total net assets and liabilities		<u>83,062,689</u>	<u>3,161,004</u>

The Financial Statements set out on pages 1 to 55 were signed on behalf of the Institute Council by:


Prof. J. W. Khamasi, EBS
Accounting Officer


CPA. Robert Ngatia
Accountant


Prof. Emmanuel Mutisya
Chairman of Council

Date: 20th November 2025

ICPAK Mbr. No. 11315

Date: 20th November 2025 Date: 20th November 2025

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

	Capital Fund	Revaluation reserve	Retained Earnings	Total
Balance as at 01/07/2023	0	0	0	0
Surplus/(deficit) for the period	0	0	3,161,004	3,161,004
Revaluation additions	0	0	0	0
Capital development grants	0	0	0	0
Capital Donation	0	0	0	0
Balance as at 30/06/2024	0	0	3,161,004	3,161,004
Balance as at 01/07/2024	0	0	3,161,004	3,161,004
Surplus/(deficit) for the period	0	0	30,701,686	30,701,686
Revaluation additions	0	0	0	0
Capital development grants	49,200,000	0	0	49,200,000
Capital Donation	0	0	0	0
Balance as at 30/06/2025	<u>49,200,000</u>	<u>0</u>	<u>33,862,689</u>	<u>83,062,689</u>

**Kenya Advanced Institute of Science and Technology
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17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2025

	Notes	2024-2025	2023-2024
		KShs	KShs
Cash-flows from operating activities			
Receipts			
Transfers from Government	6 (c)	123,200,000	39,794,500
Total Receipts		<u>123,200,000</u>	<u>39,794,500</u>
Payments			
Use of Goods and Services	10 (b)	951,620	44,507
Employee Costs	11 (b)	26,455,115	7,869,976
Remuneration of Council	12 (b)	16,524,812	6,970,325
Depreciation and Amortization	13 (b)	0	0
Repairs and Maintenance	14 (b)	157,200	0
Contracted Services	15 (b)	2,287,030	0
Academic costs	16 (b)	3,381,950	1,053,922
General Expenses	17 (b)	46,122,163	13,195,255
Total Payments		<u>95,879,888</u>	<u>29,133,984</u>
Net cash flows from operating activities	33	<u>27,320,112</u>	<u>10,660,516</u>
Cash-flows from investing activities			
Investing in fixed assets	22 (a)	(25,655,086)	(3,671,690)
Net cash-flows from investing activities		<u>(25,655,086)</u>	<u>(3,671,690)</u>
Cash-flows from financing activities			
Development grant	31	<u>49,200,000</u>	<u>0</u>
Net cash-flows used in financing activities		<u>49,200,000</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents		50,865,026	6,988,826
Opening cash and cash equivalent	18	<u>6,988,826</u>	<u>0</u>
Closing cash and cash equivalent	18	<u>57,853,852</u>	<u>6,988,826</u>

The Financial Statements set out on pages 1 to 55 were signed on behalf of the Institute Council by:



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

Date: 20th November 2025



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

Date: 20th November 2025



**Prof. Emmanuel Mutisya
Chairman of Council**

Date: 20th November 2025

Kenya Advanced Institute of Science and Technology
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18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*						
Receipts						
Transfers from Government	183,600,000	0	183,600,000	183,600,000	0	100
Total Receipts	183,600,000	0	183,600,000	183,600,000	0	100
Payments						
Use of Goods and Services	9,460,029	0	9,460,029	1,002,607	(8,457,422)	11
Employee Costs	27,753,921	0	27,753,921	26,097,482	(1,656,438)	94
Remuneration of Council	15,273,400	0	15,273,400	16,524,812	1,251,412	108
Depreciation and Amortization	2,600,000	0	2,600,000	2,572,586	(27,414)	99
Repairs and Maintenance	4,500,000	0	4,500,000	157,200	(4,342,800)	3
Contracted Services	2,500,000	0	2,500,000	2,287,030	(212,971)	91
Academic costs	37,620,000	0	37,620,000	8,330,228	(29,289,772)	22
General Expenses	54,012,650	0	54,012,650	46,726,369	(7,286,282)	87
Purchase of Assets	29,880,000	0	29,880,000	29,741,932	(138,068)	100
Total Payment	183,600,000		183,600,000	133,440,246		
Capital Expenditure Payments						
Surplus / (Deficit) for the period				50,159,754		

Budget notes

1. Provide a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
 - The difference between the Use of Goods and Services actual and budgeted amounts is due to the planned utilities costs that were not incurred since the Institutes offices and houses were not handed over in the year. Thus, the expense was not incurred as anticipated leading to under expenditure.
 - The difference between the Repairs and Maintenance actual cost and budgeted amounts is due the delays in completion of the Kenya -AIST project which was only handed over to the Institute Council and management in June 2025 thus no major routine maintenance were carried out in the period.

2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
 - There is no difference between the original and final budget.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	50,159,753.68
1	Increase in Trade and Other Receivables	10,805,542
2	Increase in Trade and Other Payables	(8,519,330)
3	Increase in Inventory	991,647
4	Depreciation	2,572,586
	Closing Cash and Cash Equivalent as per the statement of Cash flows	50,865,026

- The total of actual on comparable basis ties to the statement of financial performance totals.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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Notes to The Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

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

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Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance</p>

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Standard	Effective date and impact:
	<p>of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <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

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Standard	Effective date and impact:
	<p>Standard and measure any impairment in accordance with IPSAS 26.</p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii. Early adoption of standards

The Institute did not early - adopt any new or amended standards in the financial year 2024/2025.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the National Assembly on *June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 4 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

Sales tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if their recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

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asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs,

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are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Biological Assets

The Institute recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

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period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

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

a) Financial assets

Classification of financial assets

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

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deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a

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continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

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

Impairment of financial assets

The entity assesses, 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 entity 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).

b) Financial liabilities

Classification

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

k) 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:

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

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

l) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Institute did not have any social benefit expenses in the year.

n) *Contingent liabilities*

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

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o) Contingent assets

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

p) Nature and purpose of reserves

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

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The Institute will operate a defined contribution plan pension scheme for eligible employees. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the Institute. The Institute also contributes to the National Social Security Fund (NSSF). Contributions to this fund are determined by the local statutes.

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

s) 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.

t) 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.

u) Related parties

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

v) Service concession arrangements

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through

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ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Cash and cash equivalents

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

x) Comparative figures

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

y) 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

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

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

Going Concern

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Recurrent grants	134,400,000	39,794,500
Development grants	49,200,000	0
Supplementary grants	0	0
Total government grants and subsidies	183,600,000	39,794,500

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2024/2025	Prior year
	KShs	KShs	KShs	KShs	KShs
Ministry of Information, Communication & the Digital Economy - State Department for ICT&DE	134,400,000	0	49,200,000	183,600,000	39,794,500
Total	134,400,000	0	49,200,000	183,600,000	39,794,500

c) REVENUE CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Recurrent grants Receivable as per the statement of Financial Performance	134,400,000	39,794,500
Less: Recurrent grants Receivable for June 2025	(11,200,000)	0
Total Recurrent grants Received as per Statement of Cashflow	123,200,000	39,794,500

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7 RENDERING OF SERVICES

Description	2024-2025	2023-2024
	KShs	KShs
Tuition and other fees	0	0
Short courses (CPDS)	0	0
Total revenue from the rendering of services	0	0

8 FINANCE INCOME

Description	2024-2025	2023-2024
	KShs	KShs
Interest from call deposit	0	0
Total finance income-external investments	0	0

9 OTHER INCOME

Description	2024-2025	2023-2024
	KShs	KShs
Miscellaneous income	0	0
Research grants	0	0
Total other income	0	0

10 a) USE OF GOODS AND SERVICES

Description	2024-2025	2023-2024
	KShs	KShs
Electricity expenses	0	0
Water expenses	12,000	0
Utensils and Crockery	0	0
Bank charges/ interest	155,372	44,507
Contracted professional services	30,000	0
Internet services	6,999	0
Subscription to professional bodies	11,200	0
Gas and fuel	0	0
Fumigation Services	0	0
Marketing Expenses	285,741	0
Security Expenses	501,296	0
Total good and services	1,002,607	44,507

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) USE OF GOODS AND SERVICES CASH FLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Use of Goods and Services per Statement of Financial Performance	1,002,607	44,507
Variance: Less Use of Goods and Services (Payable Branding Expenses)	(50,987)	0
Use of Goods and Services per Statement of Cashflow	951,620	44,507

11 a) EMPLOYEE COSTS

Description	2024-2025	2023-2024
	KShs	KShs
Basic Salaries	9,474,183	6,538,397
House allowances	3,832,710	1,702,579
House to Office allowance	404,708	0
Other personal allowances	5,503,462	4,523,828
Leave allowance	18,240	0
Pension (employer)	528,877	980,759
NSSF (Employer)	275,619	23,760
Gratuity	2,467,730	0
Casual workers	89,218	0
Passage and baggage	0	0
Staff Medical	3,209,812	0
NITA Training Levy	4,550	150
Graduate Assistants Stipend	0	0
Housing Levy-Employer	288,376	96,630
Employee costs	26,097,482	13,866,103

b) EMPLOYEE COSTS CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Employee Cost as per Statement of Financial Performance	26,097,482	13,866,103
Less: Payable Employee cost (Payable Gratuity)	(1,873,489)	0
Less: Payable Employee cost (Payable Pension)	(555,289)	0
Less: Payable Employee cost (Payable Medical Insurance)	(3,139,283)	0
Less: Payable Employee cost (Payable Salary)	0	(5,996,127)
Less: Payable Employee cost (Prior Year Payable Salary)	5,925,694	0
Employee Cost as per Statement of Cashflow	26,455,115	7,869,976

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12 a) COUNCIL EXPENSES

Description	2024-2025	2023-2024
	KShs	KShs
Council Sitting Allowances	7,132,406	2,280,000
Council Travelling & other Allowance	4,970,833	1,905,234
Council Chairman Honoraria	1,058,400	1,203,364
Council Training	2,816,915	1,368,521
Council Insurance	546,258	6,748
Total director emoluments	16,524,812	6,763,867

b) COUNCIL EXPENSES CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Remuneration of Council as per Statement of Financial Performance	16,524,812	6,763,867
Less: Remuneration of Council (No Payable)	0	(339,800)
Add: Remuneration of Council (Prepayment)	0	546,258
Remuneration of Council as per Statement of Cashflow	16,524,812	6,970,325

13 a) DEPRECIATION AND AMORTIZATION EXPENSE

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	2,572,586	0
Total depreciation and amortization	2,572,586	0

b) DEPRECIATION AND AMORTIZATION EXPENSE CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Depreciation as per Statement of Financial Performance	2,572,586	0
Less: Annual Depreciation (Non-Cash Provision)	(2,572,586)	0
Depreciation as per Statement of Cashflow	0	0

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14 a) REPAIRS AND MAINTENANCE

Description	2024-2025	2023-2024
	KShs	KShs
Maintenance of computers/printer	0	0
Maintenance of Buildings	0	0
Maintenance Water and sewerage	0	0
Maintenance of roads/grounds	0	0
Maintenance Vehicle	0	0
Maintenance of Furniture & equipment	<u>157,200</u>	<u>0</u>
Total repairs and maintenance	<u>157,200</u>	<u>0</u>

b) REPAIRS AND MAINTENANCE CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Repairs and Maintenance as per Statement of Financial Performance	157,200	0
Variance: Repairs and Maintenance (No Payable)	0	0
Repairs and Maintenance as per Statement of Cashflow	157,200	0

15 a) CONTRACTED SERVICES

Description	2024-2025	2023-2024
	KShs	KShs
Contracted Security Services	1,845,000	0
Legal expenses	0	0
Hygiene Services	0	0
Cleaning Services	442,030	0
Ground Maintenance Services	<u>0</u>	<u>0</u>
Total contracted services	<u>2,287,030</u>	<u>0</u>

b) CONTRACTED SERVICES CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Contracted Services as per Statement of Financial Performance	2,287,030	0
Variance: Contracted Services (No Payable)	0	0
Contracted Services as per Statement of Cashflow	2,287,030	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. a) ACADEMIC COSTS

Description	2024-2025	2023-2024
	KShs	KShs
CUE Institutions Accreditations	991,400	0
Charter Application Expense	0	1,053,922
Library books/E-library/journals	5,364,528	0
External examinations	0	0
Attachment expenses	0	0
Teaching materials	0	0
Field courses/Academic Trips	0	0
Examination Materials	0	0
CUE Quality Assurance Expenses	0	0
Curriculum Development	1,974,300	0
Purchase of Graduation Gowns	0	0
Graduation expenses	0	0
Total academic costs	8,330,228	1,053,922

b) ACADEMIC COSTS CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Academic costs as per Statement of Financial Performance	8,330,228	1,053,922
Less: Academic costs (Payable Supply of Core Text Books)	(4,948,278)	0
Academic costs as per Statement of Cashflow	3,381,950	1,053,922

17. a) GENERAL EXPENSES

Description	2024-2025	2023-2024
	KShs	KShs
Vehicle fuel and oil	0	0
Travelling and accommodation	9,691,179	5,857,853
External travelling	6,072,920	2,254,360
Postage & Courier expenses	9,745	15,075
Telephone expenses	8,499	12,100
Purchase of uniforms	286,672	0
Publishing & Printing	396,276	0
Conferences, Workshops and seminars	6,078,293	5,450,785
Stationery and stores	135,743	30,057
Advertising and Publicity	1,252,422	458,500
Show and Exhibitions Expenses	778,180	0

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Provision for Audit Fee	300,000	180,000
Licences and Levies	0	0
Training expenses	450,320	242,350
Catering & Hospitality Expenses	2,143,723	404,018
Recruitment Expenses	1,051,159	0
Cleaning materials	134,749	0
Newspapers	0	0
Hire of Facilities, Equipment & MV Leasing	866,520	0
Vehicle licenses & insurance	0	0
Performance Contract	0	0
Rent and rates	0	0
Staff Welfare	0	0
Institute Public Functions	8,287,623	0
Corporate Social Responsibility	193,120	0
Alumni association	0	0
Committees Facilitation	4,702,830	0
Project Monitoring & Evaluation	2,388,802	0
Affiliation Associations	0	0
Patents & Copyrights	0	0
Counselling Expenses	0	0
Sports and Games	1,497,596	0
Total general expenses	46,726,369	14,905,098

b) GENERAL EXPENSES CASHFLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
General Expenses as per Statement of Financial Performance	46,726,369	14,905,098
Add: General Expenses (Previous Year Payable General Expenses)	1,940,077	0
Less: General Expenses (Previous Year Prepaid General Expenses)	(394,458)	0
Less: General Expenses (Current Year Payable General Expenses)	(3,141,472)	(1,709,843)
Add: Inventory	991,647	0
General Expenses as per Statement of Cashflow	46,122,163	13,195,255

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. (a) CASH AND CASH EQUIVALENTS

Description	2024-2025	2023-2024
	KShs	KShs
Current Account	57,853,852	6,988,826
Total cash and cash equivalents	<u>57,853,852</u>	<u>6,988,826</u>

(b) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2024-2025	2023-2024
		KShs	KShs
Current Accounts			
Kenya commercial bank	1318899370	57,653,852	6,888,826
National Bank	01071263205200	200,000	100,000
Others			
Cash balances	0	0	0
Sub- total		<u>57,853,852</u>	<u>6,988,826</u>

19. RECEIVABLES FROM EXCHANGE TRANSACTIONS

(a) Receivables from Exchange Transactions (Current)

Description	2024-2025	2023-2024
	KShs	KShs
Student debtors	0	0
Provision for doubtful debt	<u>0</u>	<u>0</u>
	0	0
Prepayments	151,800	546,258
Sundry debtors	0	0
Utility deposits	<u>0</u>	<u>0</u>
Total Exchange transactions	<u>151,800</u>	<u>546,258</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	KShs		KShs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	151,800	100%	546,258	100%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (a+b)	<u>151,800</u>		<u>546,258</u>	

(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	<u>0</u>	<u>0</u>

20. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

(a) Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Current receivables		
Capitation Grant	11,200,000	0
Development Grant	<u>0</u>	<u>0</u>
Total current receivables	<u>11,200,000</u>	<u>0</u>

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(b) Ageing analysis for Receivables from Non-exchange transactions

Description	2024-2025		2023-2024	
	KShs		KShs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	11,200,000	100%	0	0%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (a+b)	<u>11,200,000</u>		<u>0</u>	

(c) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment Allowance/ Provision	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	<u>0</u>	<u>0</u>

21. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Consumable stores	991,647	0
Less: allowance for impairment	(0)	(0)
Total inventories at the lower of cost and net realizable value	991,647	0

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Detailed disclosure on inventories

	2024-2025
	KShs
Opening balance	0
Additional Inventory in the year	991,647
Inventory expensed in the year	0
Write-downs in the year	0
Others specify	0
Closing balance	991,647

22. a) PROPERTY, PLANT AND EQUIPMENT CASH FLOW RECONCILIATION

Description	2024-2025	2023-2024
	KShs	KShs
Property Plant & Equipment as per Property Plant & Equipment Payable Movement Schedule	29,741,932	0
Less: Property Plant & Equipment Payable (Printers, Rolling Cabinet, Television)	(4,086,846)	(0)
Property Plant & Equipment as per statement of cashflow Investing Activities	25,655,086	0

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22. b) PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Computers	Plant and machinery)	Tractor	Furniture and equipment	Capital Work in progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Depreciation rates	NIL	2%	25%	30%	12.5%	37.5%	12.5%	NIL	
Cost									
At 1 st July 2023	0	0	0	0	0	0	0	0	0
Additions	0	0	0	3,671,690	0	0	0	0	3,671,690
Disposals	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
At 30th June 2024	0	0	0	3,671,690	0	0	0	0	3,671,690
Additions	0	0	21,175,000	2,286,931	0	0	6,280,001	0	29,741,932
Disposals	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
At 30th June 2025	0	0	21,175,000	5,958,621	0	0	6,280,001	0	33,413,622
Depreciation and impairment									
At 1 st July 2023	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
At 30th June 2024	0	0	0	0	0	0	0	0	0

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Depreciation	0	0	0	1,787,586	0	0	785,000	0	2,572,586
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
At 30th June 2025	0	0	0	1,787,586	0	0	785,000	0	2,572,586
Net book values									
As at 30th June 2024	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,671,690</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,671,690</u>
As at 30th June 2025	<u>0</u>	<u>0</u>	<u>21,175,000</u>	<u>4,171,035</u>	<u>0</u>	<u>0</u>	<u>5,495,001</u>	<u>0</u>	<u>30,841,036</u>

NOTE:

- i) Kenya-AIST has approximately 14.4 acres (58278m²) under leasehold for ninety (90) years by the Government of Kenya through Konza Technopolis Development Authority (KoTDA). The leasehold is in the process of registration.
- ii) Kenya-AIST Project comprised construction of eight buildings name (Institute's core building, education building A&B, four residential buildings and a utility building). The value for the buildings has not been provided by the Contractor (Consultant) and consequently are not part of the presented Property, plant and equipment schedule
- iii) Similarly, the construction contract comprises provision of Furniture and equipment for all the office, laboratories, lecture rooms, library and the residential buildings. The value for the Furniture and equipment have not been provided and consequently are not part of the presented Property, plant and equipment schedule.
- iv) Two Motor Vehicles were purchased in FY 2024/2025 but at the close of the year they had not been delivered as there were delays in fabrication due to long lead time for imported materials by the supplier.
- v) Out of the assets that were paid for in the FY 2023/2024 are assets acquired by the Ministry of Education in the FY 2022/2023 whose payment was paid in FY 2023/2024. The assets comprise of Camera, Printer, Projector and Mac Book and are still in the custody of the Ministry of Education.

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Valuation

Land and buildings/ Equipment have not been valued or revalued in the financial year 2024/2025. The value of assets adopted by the Institute is the per the cost of acquisition less depreciation at the income tax prescribed rates.

22 (c) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	0	0	0
Plant And Machinery	0	0	0
Motor Vehicles, Including Motorcycles	21,175,000	0	21,175,000
Computers And Related Equipment	5,958,621	1,787,586	4,171,035
Office Equipment, Furniture, And Fittings	6,280,001	785,000	5,495,001
Total	33,413,622	2,572,586	30,841,036

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	0	0
Motor Vehicles including Motorcycles	0	0
Computers and Related Equipment	0	0
Office Equipment, Furniture and Fittings	0	0
Total	0	0

23. WORK-IN PROGRESS

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

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24. INTANGIBLE ASSETS-SOFTWARE

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year/ period	0	0
Additions	0	0
At end of the year/ period	0	0
Amortization and impairment		
At beginning of the year/ period	0	0
Amortization	0	0
At end of the year/ period	0	0
Impairment loss	0	0
At end of the year/ period	0	0
NBV	0	0

25. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	15,066,866		7,865,770	
Provisions (audit fees)	480,000		180,000	
Research grants	0		0	
Total trade and other payables	15,546,866		8,045,770	
		% of the		% of the
Ageing analysis: (Trade and other payables)	2024-2025	Total	2023-2024	Total
Under one year	15,366,866	0%	8,045,770	100%
1-2 years	180,000	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%

26. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2024-2025	2023-2024
	KShs	KShs	KShs	KShs	KShs
Pension arrears	0	0	555,289	0	0
Gratuity arrears	0	0	1,873,489	0	0
Salary deductions	0	0	0	0	0
	0	0	2,428,779	0	0

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27. REFUNDABLE DEPOSITS

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Customer deposits	0		0	
Prepayments from customers	0		0	
Other deposits	0		0	
Total deposits	0		0	
Ageing analysis: (Refundable deposits)	2024-2025	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0		0	

28. CURRENT PROVISIONS

Description	Leave provision	Gratuity Provision	Audit Fees Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	0	0	180,000	0	180,000
Additional provisions	0	1,873,489	300,000	0	2,173,489
Provision utilised	(0)	(0)	(0)	(0)	(0)
Change due to discount and time value for money	(0)	(0)	(0)	(0)	(0)
Transfers from non-current provisions	0	0	0	0	0
Total provisions year end	0	1,873,489	480,000	0	2,353,489

29. ACCUMULATED SURPLUS / (DEFICIT)

Description	2024-2025	2023-2024
	KShs	KShs
Balance B/F	3,161,004	0
Institute Surplus / (deficit) for the period	30,701,686	3,161,004
Balance C/D	<u>33,862,689</u>	<u>3,161,004</u>

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30. REVALUATION ACCOUNTS

Description	2024-2025	2023-2024
	KShs	KShs
Balance B/F	0	0
Addition in the period	0	0
Balance C/D	<u>0</u>	<u>0</u>

31. CAPITAL FUND

Description	2024-2025	2023-2024
	KShs	KShs
Balance B/F	0	0
Donation	0	0
Development fund	49,200,000	0
Balance C/D	<u>49,200,000</u>	<u>0</u>

32. TAXATION

	2024-2025	2023-2024
	KShs	KShs
At beginning of the period	0	0
Income tax charge for the period	0	0
Under/(over) provision in prior period	0	0
Income tax paid during the period	0	0
At end of the period	<u>0</u>	<u>0</u>
	=====	=====

33. CASH GENERATED FROM OPERATIONS

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the period before tax	30,701,686	3,161,004
Adjusted for:		
Depreciation	2,572,586	0
Gain/(loss) on Revaluation	<u>0</u>	<u>0</u>
	33,274,272	3,161,004
Working Capital adjustments		
Increase in inventory	(991,647)	0
Increase in receivables	(10,805,542)	(546,258)
Increase in payables	<u>5,843,029</u>	<u>8,045,770</u>
Net cash flow from operating activities	<u>27,320,112</u>	<u>10,660,516</u>

34. Financial Risk Management

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

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

i) Credit risk

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

Financial Risk Management

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

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables from exchange transactions	151,800	151,800	0	0
Receivables from non-exchange transactions	11,200,000	11,200,000	0	0
Bank balances	57,853,852	57,853,852	0	0
Total	69,205,652	69,205,652	0	0
At 30 June 2024				
Receivables from exchange transactions	546,258	546,258	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	6,988,826	6,988,826	0	0
Total	7,535,084	7,535,084	0	0

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	15,546,866	0	0	15,546,866
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	2,428,779	2,428,779
Total	15,546,866	0	2,428,779	17,975,645
As at 30 June 2024				
Trade payables	180,000	7,865,770	0	8,045,770
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	180,000	7,865,770	0	8,045,770

iii) Market risk

The Institute will put in place an internal audit function to assist it in assessing the risk faced by the Institute on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management

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

iv) Foreign Currency risk

The Institute will have transactional currency exposures. Such exposure will arise through purchases of goods and services that will be done in currencies other than the local currency. Invoices denominated in foreign currencies will be paid after 30 days from the date of the invoice and conversion at the time of payment will be done using the prevailing CBK exchange rate. The Institute will manage foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Financial Risk Management

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

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Total Financial Assets	0	0	0
Financial Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Total Financial Liabilities	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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Foreign currency sensitivity analysis

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June 2025			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Total Financial Assets	0	0	0
Financial Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Total Financial Liabilities	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

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

v) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY - Kshs xxx)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Institute considers relevant and observable market prices in its valuations where possible.

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

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	0	0	0	0
Non- Financial Assets				
Investment Property	0	0	0	0
Land And Buildings	0	0	0	0
Total	0	0	0	0
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	0	0	0	0
Non- Financial Assets				
Investment Property	0	0	0	0
Land And Buildings	0	0	0	0
Total	0	0	0	0

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

vi) Capital Risk Management

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

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Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	33,862,689	3,161,004
Capital Reserve	49,200,000	0
Total Funds	83,062,689	3,161,004
Total Borrowings	17,975,645	8,045,770
Less: Cash and Bank Balances	(57,853,852)	(6,988,826)
Net Debt (Excess Cash and Cash Equivalents)	(39,878,207)	1,056,944
Gearing	-31%	33%

35. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

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

Related Party Disclosures

	2024-2025	2023-2024
	KShs	KShs
Transactions with related parties		
a) Grants from the Government		
Grants from the National Government	183,600,000	39,794,500
Grants from the County Government	0	0

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	2024-2025	2023-2024
	KShs	KShs
Donations in kind	0	0
Total Received	183,600,000	39,794,500
b) Council Members		
Council' emoluments	16,524,812	6,763,867
Compensation to the CEO	9,517,922	5,925,694
c) Compensation to key management	5,395,417	0
Total Paid	31,438,151	12,689,561

36. Segment Information

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

37. Contingent Assets and Contingent Liabilities

Contingent Assets

	2024-2025	2023-2024
Contingent Assets	KShs	KShs
Insurance Reimbursements	0	0
Assets Arising from Determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Receivables From Other Government Entities	0	0
Others (Specify)	0	0
Total	0	0

Contingent Liabilities

	2023-2024	2022-2023
	KShs	KShs
Contingent Liabilities	0	0
Court Case against the Entity	0	0

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Bank Guarantees in Favour of Subsidiary	0	0
Contingent Liabilities arising from Contracts Including PPPs	0	0
Others (Employment cases)	0	0
Total	0	0

As at 30th June 2025, the Institute did not have any litigations thus no contingent asset of liability is expected

38. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	KShs	KShs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

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

39. Events after the Reporting Period

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

40. Ultimate and Holding Entity

The Institute is a Semi-Autonomous Government Agency under the Ministry of Information Communication and the Digital Economy. Its ultimate parent is the Government of Kenya.

41. Currency

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

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20. APPENDICES

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Delay in Operationalization of Kenya-AIST</p> <p>Management attributed the delay to relocate to the delay in the completion of the construction of the campus which has further been caused by delay in finalization of the handover and lack of finances.</p> <p>In the circumstances the achievement of the objectives of establishing the KAIST remain doubtful.</p>	<p>Management Response</p> <p>a) The Institute Management confirms that the delay in operationalization of Kenya-AIST has been caused by a variety of issue ranging from delay in the completion of the Kenya- AIST Project by the contractor.</p> <p>The delay has affected the following operations:</p> <ul style="list-style-type: none"> i. delivery and installation of furniture and equipment. ii. development of ERP, Web Portal and digital library systems, 	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>iii. Scheduling of the handover process - from the Contractor to the employer (Ministry of IC & the Digital Economy), and from the employer to Kenya-AIST Council,</p> <p>iv. Accreditation of academic programmes and the campus - Commission for University Education can only accredit the academic programmes and the campus facilities after the facilities are handed over to Kenya-AIST.</p> <p>v. Allocation of adequate recurrent budget to finance operations and recruitment of key personnel. Delayed completion of the Kenya-AIST Project has delayed full operationalization of Kenya-AIST because The National Treasury can only allocate adequate funds after the Campus is handed over to Kenya-AIST Council.</p> <p>b) The construction process has now been completed and the Institutes facilities were</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>officially handed over to the Kenya-AIST Council in June 2025</p> <p>c) The Kenya-AIST Management is still following up the handover of assets that are still in custody of the Ministry of Education.</p> <p>d) Kenya AIST academic programmes and institutional accreditation processes are awaiting evaluation by the regulator -- the Commission for University Education.</p> <p>e) The Kenya-AIST expects to be awarded a charter in the FY 2025/2026. The Charter has to be approved by the Parliament.</p> <p>f) The first student intake is planned for FY 2025/2026.</p> <p>g) It is expected that the Institute will be fully operationalized at the close of 2025/2026FY.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	<p>Lack of Ownership Documents of the Kenya-AIST Assets</p> <p>Review of the handover report by the Ad Hoc Committee on transfer of Kenya- AIST from Ministry of Education to Ministry of ICT and Digital Economy dated 30 May, 2023 revealed that assets worth Kshs.36,712,000 were transferred to Kenya-AIST. However, the ownership of these assets has not been transferred to the custody of Kenya -AIST.</p> <p>In the Circumstance, the completeness of the Assets of an amount Kshs.36,712,000.</p>	<p>Management Response</p> <p>The Institute Management confirms that the handover process of the assets from the Ministry of Education, State Department of Higher Education and Research to the State Department of ICT & the Digital Economy and consequently to Kenya-AIST has not been concluded; and that at the close of the financial year, the above-mentioned assets were not in Kenya-AIST's custody.</p> <p>b) As soon as the assets are received, the Institute will recognize the assets in the financial statement using the Netbook values that will be transferred or the valuation that will be attached to the specific assets at the time of handover.</p> <p>c) The Management is following up on this matter so that the assets are handed over as required.</p>	Not Resolved	2025/2026 Financial year

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	<p>Failure to Constitute an Internal Audit Unit and Audit Committee</p> <p>During the year under review, the Institute had not constituted an audit committee and an internal audit unit as required by Regulations 166 (1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which require the internal audit unit of a National Government entity to assess effectiveness of the Institution through an internal performance appraisal commenting on its effectiveness in the annual</p>	<p>Management Comments</p> <p>The Institute Management confirms that it was not able to set-up the internal audit unit at the conception stage. However, the Management has made several efforts to seek for an internal auditor secondment or deployment from Dedan Kimathi University of Technology, or from the State Department of ICT and the Digital Economy and the National Treasury; but was unsuccessful because all these entities had a shortage of internal audit personnel.</p> <p>b) The Institute Council formed an Audit Risk and Compliance Committee and with the help of Dedan Kimathi University of Technology's Chief Internal Auditor.</p> <p>c) The Audit Committee was activated in July 2024 and has since developed an Internal Audit Charter, Risk Management Policy, and A Corporate Risk Register.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>report to the National Treasury.</p> <p>In the circumstances, the Institution did not benefit from the oversight role and advice from the audit committee and the internal audit function.</p>	<p>d) The internal audit Risk and Compliance unit has been set up and an Assistant Director appointed.</p>		

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.



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Ag. Principal
20th November 2025

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Appendix II: Projects Implemented by the Institute

Projects

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

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Kenya-AIST Campus at Konza City			100%			GOK & Government of Korea

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Appendix III: Transfers from Other Government Entities

ENTITY NAME:		KENYA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY		
Breakdown of Transfers from the State Department of ICT and Digital Economy				
a.	Recurrent Grants	<u>Date Received</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	July 2024	14-08-2024	11,200,000	2024/2025
	August 2024	09-09-2024	11,200,000	2024/2025
	September 2024	09-10-2024	11,200,000	2024/2025
	October 2024	07-11-2024	11,200,000	2024/2025
	November 2024	06-12-2024	11,200,000	2024/2025
	December 2024	03-01-2025	11,200,000	2024/2025
	January 2025	08-02-2025	11,200,000	2024/2025
	February 2025	12-03-2025	11,200,000	2024/2025
	March 2025	04-04-2025	11,200,000	2024/2025
	April 2025	07-05-2025	11,200,000	2024/2025
	May 2025	11-06-2025	11,200,000	2024/2025
	June 2025	02-07-2025	11,200,000	2024/2025
		Total	<u>134,400,000</u>	
b.	Development Grants	<u>Date Received</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	January 2025	07-01-2025	24,600,000	2024/2025
	May 2025	09-05-2025	<u>24,600,000</u>	2024/2025
		Total	<u>49,200,000</u>	
c.	Direct Payments	<u>Date Received</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	<u>0</u>	

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Appendix IV- Inter-Entity Confirmation Letter

Name of Transferring entity STATE DEPARTMENT OF ICT AND DIGITAL ECONOMY

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

Kenya Advanced Institute of Science and Technology wishes to confirm the amounts disbursed to us as at 30th June 2025 as indicated in the table below. Actual amounts received are shown in column E in the table below.


Confirmation of amounts received by Kenya Advanced Institute of Science and Technology as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 th June 2025				Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)= (A+B+C)		
	14-08-2024	11,200,000	0	0	11,200,000	11,200,000	0
	09-09-2024	11,200,000	0	0	11,200,000	11,200,000	0
	09-10-2024	11,200,000	0	0	11,200,000	11,200,000	0
	07-11-2024	11,200,000	0	0	11,200,000	11,200,000	0
	06-12-2024	11,200,000	0	0	11,200,000	11,200,000	0
	03-01-2025	11,200,000	0	0	11,200,000	11,200,000	0
	07-01-2025	0	24,600,000	0	24,600,000	24,600,000	0

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	08-02-2025	11,200,000	0	0	11,200,000	11,200,000	0
	12-03-2025	11,200,000	0	0	11,200,000	11,200,000	0
	04-04-2025	11,200,000	0	0	11,200,000	11,200,000	0
	07-05-2025	11,200,000	0	0	11,200,000	11,200,000	0
	09-05-2025	0	24,600,000	0	24,600,000	24,600,000	0
	11-06-2025	11,200,000	0	0	11,200,000	11,200,000	0
	02-07-2025	11,200,000	0	0	11,200,000	0	11,200,000
Total		134,400,000	49,200,000	0	183,600,000	172,400,000	11,200,000

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

Ag. Head Of Finance Department

Name: Robert Ngatia SIGN: 

Date: 20th November 2025

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Appendix V: Reporting of Climate Relevant Expenditures

Kenya Advanced Institute of Science and Technology

Telephone: 0741491563

Email: principal@kenya-aist.ac.ke

Name of CEO: Prof. J. W. Khamasi, EBS

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

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

**Kenya Advanced Institute of Science and Technology
Annual Report and Financial Statements
for the year ended June 30, 2025**

Appendix VI: Report on Disaster Management Expenditure

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