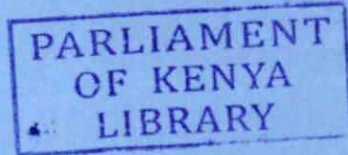


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF


THE AUDITOR-GENERAL

ON

**AFRICA CENTRE OF EXCELLENCE (ACEII)
IN PHYTOCHEMICALS, TEXTILES AND
RENEWABLE ENERGY (PTRE) PROJECT
(IDA CREDIT NO.5798-KE)**

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

MOI UNIVERSITY

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 SEP 2025	DAY: WED
TABLED BY:	THE DEPUTY LEADER OF THE MAJORITY PARTY
CLERK-AT THE-TABLE:	WILLIS OBIRO

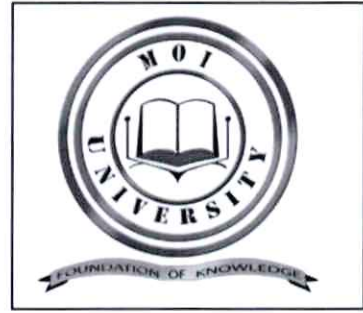


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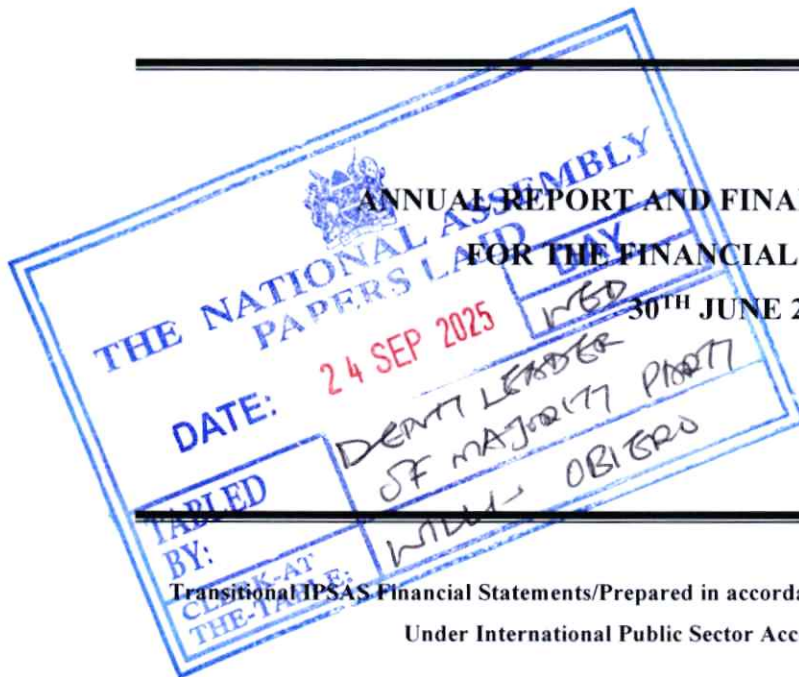
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PROJECT NAME: AFRICA CENTRE OF EXCELLENCE (ACEII) PTRE PROJECT

IMPLEMENTING ENTITY: MOI UNIVERSITY

PROJECT GRANT/CREDIT NUMBER: IDA CREDIT 5798-KE



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED**

30TH JUNE 2025

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



MOI UNIVERSITY ACEH PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
ACEII	Africa Centre of Excellence
PTRE	Phytochemicals, Textiles and Renewable Energy

MOI UNIVERSITY ACEII PTRE**Annual Report and Financial Statements for the year ended June 30, 2025.****B: Fiduciary Management**

Members of Management directly entrusted with the responsibility of financial resources of the ACEII, PTRE Project.

Names	Title designation	Key qualification	Responsibilities
Sir. Prof. Ambrose Kiprop	Centre Leader	Ph.D.	Centre Leader
Dr. Rose Ramkat	Deputy Centre Leader	Ph.D.	Deputy Centre Leader
Prof. Simeon Mining	Registrar A, P&S	Ph.D.	Coordinator – IP&QA
Dr. Sarah Chepkwony	Coordinator	Ph.D.	Phytochemicals
Dr. Korir K. Kiptiemoi	Coordinator	Ph.D.	Renewable Energy
Prof. Fredrick Nyamwala	Coordinator	Ph.D.	M&E, Ph.D./MSc. Prog
Prof. Charles Nzila	Coordinator	Ph.D.	Seminars and conferences
Prof. Arimi M' Arimi	Coordinator	Ph.D.	Environmental Safeguards
Dr. David Njuguna	Coordinator	Ph.D.	Textile and Ind. Engineering
Dr. Lynn Kisémbé	Coordinator	Ph.D.	Social Safeguards Coordinator
Dr. Jacqueline Makatiani	Coordinator	Ph.D.	Short courses and linkages
Dr. Edwin Kimitéi	Coordinator	Ph.D.	Commercialization
Ms. Naomi Nkongé	Center Administrator	Masters	General administration
Mr. Julius Cheboriot	Accountant	BBM – Finance CPA(K)	Financial Services
Mr. Alfred Wandera	Communications Officer	MBA Strategic Communication	Communication
Mr. Edward Nyenze	Procurement Officer	BBM (Purchasing and Supplies)	Procurement Services
Mr. Eric Kemboi	Office Assistant/Cleaner	Certificate	Messenger work and cleaning
Mr. Christopher Kemei	Driver	Certificate	Driver

Funding summary

The Project is for duration of 5 years from 2017 to 2023 with an approved budget of US\$ 6,000,000 equivalent to Kshs 600,000,000 as highlighted in the table below:

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

A. Sources of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2025)		Overdrawn balance to date	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
World Bank/Ministry of Education	6,000,000	600,000,000	6,461,409	659,063,708	(461,409)	(59,063,708)
(ii) Attracted Funds						
African Development Bank	-	-	-	38,598,850	-	-
Consulting LGI	-	-	-	1,176,218	-	-
EFPL-Switzerland	-	-	-	1,346,214	-	-
European Commission	-	-	-	45,291,150	-	-
Energy Saving Trust (Tea LP Project)	-	-	-	289,818	-	-
German International Devp't Agency	-	-	-	851,323	-	-
Glasgow University	-	-	-	1,217,541	-	-
Helmholtz-Zentr Helmho	-	-	-	5,886,579	-	-
Hochschule Ma	-	-	-	7,437,498	-	-
Mekelle University Research Fund-Spree Project	-	-	-	10,717,123	-	-
Nemedussa Project (Felix Langat)	-	-	-	16,880	-	-

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

Source of funds	Donor Commitment-		Amount received to date – (30 June 2025)		Overdrawn balance to date	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
Stellenbosch Un C O Unive	-	-	-	658,880	-	-
United Nations	-	-	-	30,652,533	-	-
University of Cape Town	-	-	-	9,635,323	-	-
University Of Bremn	-	-	-	542,525	-	-
University of E. University	-	-	-	4,552,558	-	-
CIPE Nairobi	-	-	-	3,661,200	-	-
DAAD	-	-	-	106,388	-	-
E. Menach	-	-	-	40,000	-	-
GIZ - Nairobi Office	-	-	-	610,957	-	-
Inter University Council	-	-	-	31,665,280	-	-
KALRO	-	-	-	2,706,945	-	-
Kenya Education, Kenya	-	-	-	3,000,000	-	-
Kenya Space Agency	-	-	-	1,000,000	-	-
UNESCO Nairobi	-	-	-	1,319,304	-	-
Kopemik ,Japan	-	-	-	490,775	-	-
LGI Sustainab Paris	-	-	-	1,501,738	-	-
Setinel Project	-	-	-	1,207,388	-	-

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

Source of funds	Donor Commitment-		Amount received to date – (30 June 2025)		Overdrawn balance to date	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Leinchtenstein Josef Rheinbeger	-	-	-	1,476,901	-	-
UNZA School of Eng	-	-	-	33,259,593	-	-
Kenyatta University	-	-	-	2,601,500	-	-
Moi University Asali A/C	-	-	-	52,515,250	-	-
Biomedical Project	-	-	-	71,177	-	-
FOSC-CIRAD	-	-	-	1,704,085	-	-
Interact Africa Project	-	-	-	151,700,323	-	-
Skies Project	-	-	-	6,177,000	-	-
Busitema University	-	-	-	1,799,243	-	-
Spec	-	-	-	902,575	-	-
Victoria SOLU	-	-	-	305,000	-	-
WLC-Training	-	-	-	729,669	-	-
(iii) Internally Generated Funds						
Students' Application & Accommodation, fees	-	-	-	2,981,974	-	-
Hire of project Facilities	-	-	-	684,717	-	-
Short Courses and Conferences	-	-	-	782,299	-	-

MOI UNIVERSITY ACEH PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

Source of funds	Donor Commitment-		Amount received to date – (30 June 2025)		Overdrawn balance to date	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Investment income	-	-	-	1,695,343	-	-
Rafiki Micro Finance (Bid Bond)	-	-	-	600,000	-	-
Miscellaneous Income				113,000		
Total	6,000,000	600,000,000	6,461,409	1,125,395,345	(461,409)	(59,063,708)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')- (B')
Grant						
Government/Donor Funds	6,461,409	659,063,708	5,115,960	521,827,949	1,203,877	122,795,453
Proceeds from domestic & Foreign Grants	4,504,150	459,423,304	-	336,315,084	421,940	43,037,863
Other Receipts	67,229	6,857,333	-	-	67,229	6,857,332
Total	11,032,788	1,125,344,345	5,115,960	858,143,033	1,693,046	172,690,648

2. Key Project Information and Management

(a) Background information

The Project's official name is the Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project

(b) Mandate

The key objective of the Project is to advance technology development and innovation in Phytochemicals, Textiles and Renewable Energy through delivery of quality post graduate training and collaborative research in regional priority areas.

(c) Project Information

Project Start Date:	The Project start date is 1 July 2017
Project End Date:	The Project ended on 31 December 2023
Project Leader:	The Project Leader is Sir. Prof Ambrose Kiprop
Project Sponsor:	The Project sponsor is The World Bank

(d) Project Overview

Line Ministry/State Department of the Project	The Project is under the supervision of the Ministry of Education.
Project number	P151847
Strategic goals of the Project	The strategic goals of the Project are as follows: i. To strengthen education capacity excellence in terms of quality of postgraduate training ii. To strengthen research capacity excellence and outreach service in phytochemicals, textiles and renewable energy iii. To strengthen innovation and technology development in the industrial and manufacturing sectors iv. To strengthen sustainability of research and training through enhancement of facilities
Achievement of strategic goals	i. The Project management aims to achieve the goals through the following means: ii. Admitting and training PhD and MSc students in areas of manufacturing involving Analytical Chemistry, Textile, Industrial Engineering and Renewable Energy.

	<ul style="list-style-type: none"> iii. Enhancing learning environment by improving teaching, research facilities and ICT upgrading. iv. Re-tooling faculty on curriculum delivery and supervision. v. Improving industrial and private sector linkage with stakeholders to offer more internship places for students. vi. Offering extension and outreach services to the community. vii. Holding annual meetings with partners to discuss Project progress and evaluation. vii) Undertaking joint publications with partners. viii) Organizing student and staff exchange activities. ix) Embracing use of visiting members of faculty who are based in the diaspora and other adjunct professors.
<p>Other important background information of the Project</p>	<p>The manufacturing sector is envisaged under Kenya Vision 2030 as a key driver to economic growth with an annual growth rate of 10% Projected. To make Kenya a dynamic industrial nation by year 2030, a high number of diversified skilled personnel in science, technology, engineering and mathematics (STEM) are necessary. As industrialization advances, the energy demand is expected to rise correspondingly, requiring better energy management with new technologies in energy generation and distribution. Sustainable industrialization requires highly skilled workforce capable of introducing novel manufacturing technologies and energy alternatives for sustainable development. The Centre is attempting to address the need in manufacturing technologies for textile, phytochemicals and renewable energy in the country.</p>
<p>Current situation that the Project was formed to intervene</p>	<ul style="list-style-type: none"> i. The Project was formed to intervene in the following areas: ii. The need to make Kenya a dynamic industrial nation by the year 2030 through adoption of the state-of-the-art technology that is both efficient and environmentally friendly. iii. The need of a competitive manufacturing sector capable of restructuring key local industries that use local raw materials. This will enable the sector to exploit opportunities in value addition to local produce. Of concern being the local textile industry, whose revitalization is a focal point in the strategies of the

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

	government of Kenya as it strives to realize Vision 2030. iv. The production of synthetic dyes currently used in Kenya is dependent on petrochemical source; most of which usually contains toxic or carcinogenic amines that are not eco-friendly.
Project duration	The Project was scheduled to end on 31 December 2024.

(e) Fiduciary Oversight Arrangements

The University Council provides fiduciary oversight on the financial operations of the ACEII PTRE Project through the Finance, Administration and Strategy Committee and the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee provides oversight on the ACEII PTRE Project financial statements and through the Internal Audit Unit of the University provides oversight on the internal controls and the maintenance of proper accounting records.

The Office of the Auditor General conducts annual audit of the operations of ACEII PTRE Project. The reports of the Auditor General are submitted to the National Assembly through the Public Investments Committee (P.I.C), which provides the overall fiduciary oversight on the operations of the University.

Regular audit and financial and progress reports are provided to development partners who have provided funds to the University. This is to ensure financial probity on the utilization of funds in the University.

(f) ACEII, PTRE Project Headquarters

The Project headquarters office is in Eldoret, Uasin Gishu County, Kenya.

The address of its registered office is:

(g) ACEII, PTRE Project Contacts

Moi University

Margaret Thatcher Library, Main Campus

P.O Box 3900 – 30100

Eldoret

Contacts: The following are the Project contacts:

Telephone: (+254) 736 138770, 771 336911

E-mail: info@mu.ac.ke, muptreaceii@gmail.com

Website: www.mu.ac.ke

(h) ACEII, PTRE Project Bankers

1. Kenya Commercial Bank
Eldoret Branch
P.O. Box 560-30100
Eldoret, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

2. PROJECT ACTIVITIES DURING THE YEAR

a) Graduating 2024/2025 Students

During the year the Center graduated six (6) students under its sponsorship in various programmes offered as indicated here below:

S/NO.	REG/NO	NAME	PHONE NO.	EMAIL ADDRESS	COUNTRY	GENDER	GRADUATION DATE
MSC IN ENERGY STUDIES							
1.	ENG/MES/3981/20	Ezgad Mazimpaka	0792065360	mazimpakaezgad@ymail.com	Rwanda	M	19/12/2024
MSC IN TEXTILE ENGINEERING							
2.	ENG/MTE/3985/20	Mqondisi Moyo	0716624268	qondas33@gmail.com	Zimbabwe	M	19/12/2024
PHD IN ANALYTICAL CHEMISTRY							
3.	PHD/ACH/07/18	Chemtai, Catherine	0727628947	catherinechemtai24@gmail.com	Kenya	F	28/3/2025
MSC IN INDUSTRIAL ENGINEERING							
4.	TEC/PGMT/02/18	Yator, C. Philister	0723283911	cyator@Gmail.Com	Kenya	F	28/3/2025
5.	ENG/MIE/4179/20	Alsadiq Alamin Ibrahim Mohammed	0776581008	alsadiq56@gmail.com	Sudan	M	28/3/2025
PHD IN MATERIALS AND TEXTILE ENGINEERING							
6.	ENG/DPHIL/MT/08/18	MBURU, Ann Wairimu	0728063557	wairimuann012@gmail.com	Kenya	F	28/3/2025

b) ACEII PTRE Center participates at Regional Summit in Mozambique

Abdalla Elnour admitted at The Federal University of Technology, Akure (FUTA), Nigeria for a one year EU SPREE Project mobility programme from 7th of January 2024 till 31st December 2025. He is pursuing a research activity on designing, Prototyping and manufacturing a sewing workstation. He completed MSc. in Industrial Engineering and currently pursuing PhD in Industrial Engineering all under ACEII PTRE scholarship.



MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

c) Workshops

i) Celebration of the ACE@10

To celebrate the achievements of the ACE Program, a regional event titled ACE@10: African Higher Education Centers of Excellence: A Decade of Impact, Innovation, and Excellence commenced on 7th - 9th April, 2025 at Accra, Ghana. The Kenyan ACEIIs participating are led by Dr. Beatrice Muganda Inyangala, Principal Secretary, the State Department for Higher Education and Research, Ministry of Education, Kenya. About 500 participants are attending including representatives from the ACEs and their host universities (vice-chancellors, center directors, researchers and students); governments of the ACE participating countries (ministers and senior officials from ministries of finance, planning, higher education, etc.); regional and international organizations and foundations; private sector and industries; academic partner institutions; sector experts; the World Bank and co-organizers (senior officials from the World Bank Group, AFD, IRD, AAU, and IUCEA); and the media.



ii) Photovoltaics and Photovoltaic Materials workshop

Moi University (MU) in collaboration with Masinde Muliro University of Science and Technology (MMUST) holds as Photovoltaics and Photovoltaic Materials workshop from 15th – 17th April 2025 at MMUST. The workshop was officially opened by Prof. Hussein Golicha, Deputy Vice Chancellor (Academic and Students Affairs MMUST). The keynote address by Prof. Esidor Ntsoenzok, CNRS, France. The participants are students and faculty in the physics department

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

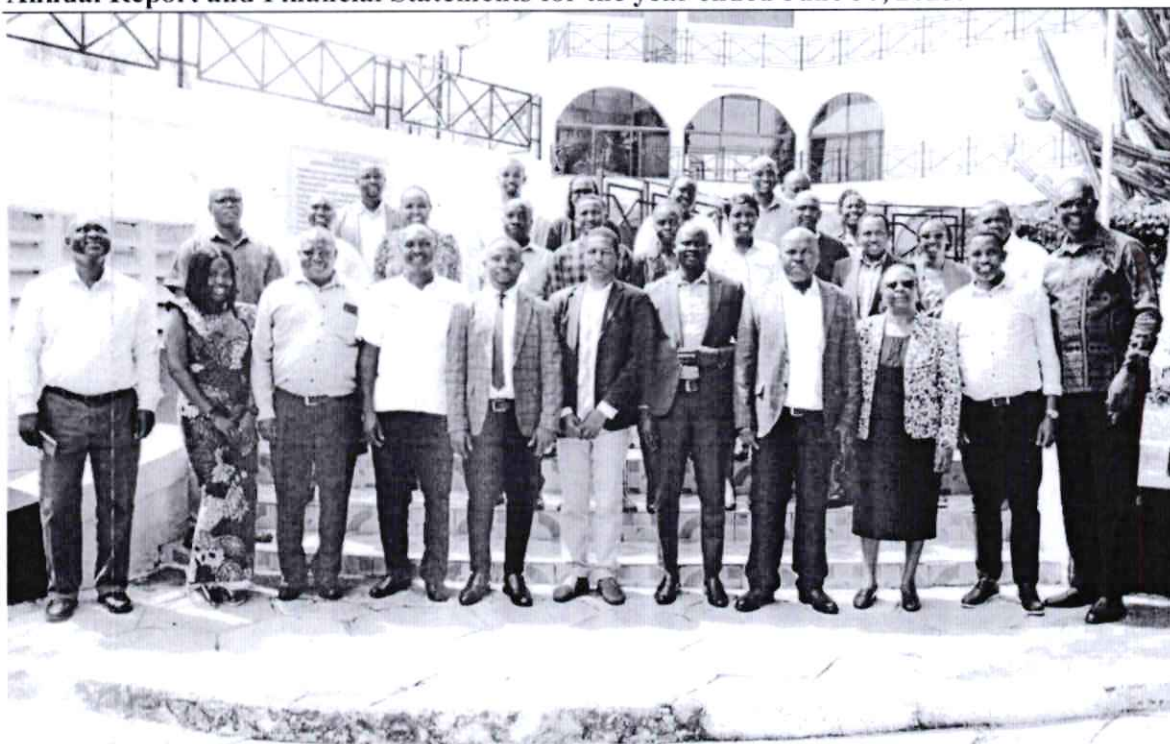
from Kenya (MU, MMUST, Egerton University, Tom Mboya University) and internationally from France (CNRS-CEMHTI, Orléans, ISEP, University of Paris, CNRS-I2MNP Marseille, Benin (EPAC), Morocco (Mohammed V University), Italy (Verona University), Spain (UPC Barcelona), Indonesia (Universitas Sumatera Utara), Nigeria (African University of Science and Technology, Federal University of Dutsin-ma, Katsina State).

Topics: Fundamentals of Photovoltaics, photovoltaic materials and systems, Emerging Trends in Perovskite Solar Cells: Materials, Interfaces, and Charge Transport Layers and Perovskite solar cells: Characterization techniques and commercialization challenges.



iii) Research and Innovation workshop

The INTERACT-Africa Project (a Project under ACEII PTRE) organized a two-day workshop, May, 13th – 14th, 2025, for postgraduate students and faculty under the theme “Bridging the Gap Between Research and Innovation for Commercialization.” The workshop aimed to equip participants with the skills and knowledge needed to translate research into market-ready innovations.



iv) International Conference on Renewable Energy, Climate Change & Restoration of Ecosystems (ICRECC) 2025

Moi University through the initiative of ACEII PTRE signed an agreement the County Government of Uasin Gishu to host an international conference and carry out research to address issues facing the county.



The International Conference on Renewable Energy, Climate Change & Restoration of Ecosystems (ICRECC) 2025 was held at Blue Berry Hotel Eldoret. It was co-hosted by Moi

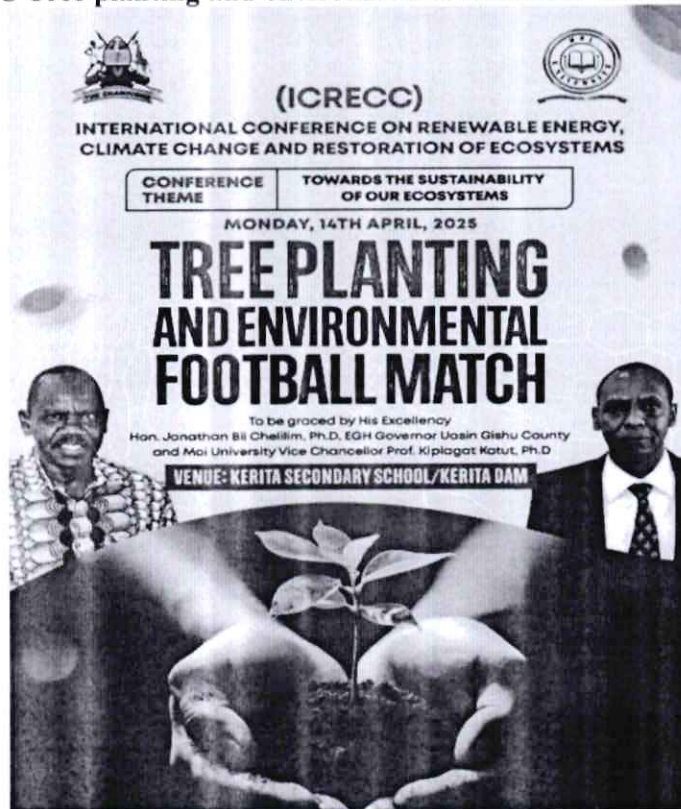
MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

University and the County Government of Uasin Gishu. Conference Theme: "Towards the Sustainability of our Ecosystems, Sub-Themes: Restoration of Ecosystems, Biodiversity and natural resource management, Pollution and waste management, Renewable Energy, Emerging Technologies to adapt and mitigate climate change effects, Sustainable city technologies and Cross-cutting areas. The Conference was officially opened by Prof. Kiplagat Kottut, Ag. Vice Chancellor, Moi University on 22nd April, 2025 at Blue Berry Hotel, Eldoret. The participants and partners include: Kingdom Bank, Egerton University, Kaimosi Friends University, Kisii University, Kenya Forestry service, Uasin Gishu County, Moi University, Old Uganda Road Enterprise, KIRDI, Alupe University, Koshin TTI, Eldoply enterprises, O'lessos National Polytechnic, Stima Sacco, ACE Data Science, University of Rwanda, NRF and NETFUND Kenya. There was representation from Parliament of Uganda who are benchmarking on the partnership between Uasin Gishu County Government and Moi University on hosting the conference and also other activities planned ahead.



v) ICRECC Tree planting and environmental football match on 14th April 2025



vi) Participation in the 1st National Science Summit

The Africa Center of Excellence in Phytochemicals, Textile and Renewable Energy(ACEII PTRE) congratulates Dr. Samuel Obakiro Baker for participating at the 1st National Science Summit organized by Science, Technology and Innovation Secretariat of Uganda on 16th June, 2025. Dr. Obakiro is an alumni of Moi University under ACEII PTRE Scholarship.



vii) Participation at the 19th Technical and Advisory meeting

The ACEII PTRE at Moi University made a strong impression at the 19th Technical and Advisory Meeting for Eastern and Southern Africa Centers of Excellence (ACEII), held from June 11–12, 2025, at the Radisson Blu Hotel in Maputo, Mozambique.





The Center Leader, Sir Prof. Ambrose Kiprop, featured as a discussant on June 11, 2025, sharing impactful experiences on the sustainability of Centers of Excellence. His contribution highlighted the PTRE Center's outstanding achievement in mobilizing over USD 4 million in external funding—solidifying its role as a regional leader in research, innovation, and capacity building.



Prof. Khaemba Ongeti, Acting Deputy Vice Chancellor for Academics, Research, and Extension, joined a high-level panel on June 12, 2025, to provide reflections on national and regional accreditation of academic programmes. His insights reinforced Moi University's strategic commitment to academic excellence and quality assurance across borders.

d) Summary of Project Compliance

The Project complied with all the relevant and applicable laws and regulation in its operational activities; hence there was no consequence for non-compliance suffered.

3. Statement of Performance Against Predetermined Objectives for FY2024/25

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

The key development objectives of the Project's 2018-2023 plans are to:

- i. To advance technology development and innovation in Phytochemicals, Textile and Renewable energy through delivery of quality post-graduate training and collaborative research in the regional priority areas.
- ii. To strengthen:
 - a) Education Capacity excellence in terms of quality postgraduate training
 - b) Research Capacity excellence and outreach service in Phytochemicals, Textile and Renewable energy.
 - c) Innovation and technology development in the industrial and manufacturing sectors.
 - d) Sustainability of research and training through enhancement of facilities.

Progress on attainment of strategic development objectives

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

MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
ACEII- PTRE	To strengthen Education Capacity excellence in terms of quality postgraduate training.	<p>Target: To Admit and train 30 PhD students and 60 MSc.</p> <p>Achieved: A total of 183 students.</p> <p>PhD students Target (30) Achieved 58 40M, 18 F</p> <p>Masters Students Target (60) Achieved 126, (82M), 44F)</p>	Admitted a total of 183 students	Achieved above the target
		National and international accreditation of new curricula	<p>4 Curricula accredited nationally and 2 accredited internationally.</p> <p>Nationally: -</p> <ul style="list-style-type: none"> • MSc Analytical Chemistry • PhD in Analytical Chemistry • PhD in Textile and Material Engineering • PhD in Industrial Engineering <p>Internationally: -</p> <ul style="list-style-type: none"> • PhD in Textile and Material Engineering • PhD in Energy Studies <p>Development a multidisciplinary Curriculum in Masters in Sustainable Energy Access</p> <p>Jointly reviewed curriculums with Stakeholders:</p> <ul style="list-style-type: none"> • Masters & PhD in Energy Studies • Master in Textile Engineering 	Achieved above the target
		Target 50 staff and students exchange programmes	Achieved over 110 nationally, regionally, and international exchanges.	Achieved above target

Research Capacity excellence and outreach service in Phytochemicals, Textile and Renewable energy.	Develop and offer Short Courses - Target 4, Achieved 4	<ul style="list-style-type: none"> • Joint virtual training course with MORENDAT (MIOG) on workplace health, safety and environment management • Natural Dyes (offered at Eldoret, Trans Nzoia and Kisumu) • Programme Development and Curriculum Delivery course • Soap and detergent making course at Kesses community 	Achieved
	Target of 50 Publications made from various research areas	112 publications	Achieved above target
	Biogas Training for High Schools	Trained four high schools on biogas installation. Installed a biogas plant at Moi University, Moi Girl High School, Kapsabet Boys and Kaptagat Girls high school	Achieved
	Host at least 1 international conference	Completed after hosting virtual international conference with Donghua University, China	Achieved
Innovation and technology development in the industrial and manufacturing sectors.	Upgrade of ICT lab	Equipped postgraduate lab at the School of Sciences and Aerospace Studies	Achieved
	7 MOUs signed with industrial partners and Staff exchange undertaken with partner institutions in implementation of signed agreements	MoUs with: - NOCART, AEPEA, KAM, KIRDI University of Gezira and Busitema University	Achieved
Sustainability of research and	Renovations of laboratories	Procurement of equipment worth Ksh. 50,661,918	Achieved above target

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Annual Report and Financial Statements for the year ended June 30, 2025.

	training through enhancement of facilities.		Renovations of facilities (labs and students' hostels) Kshs. 10,390,812	
		Procurement of motor vehicle	A Landcruiser and Scania bus	

4. Environmental and Sustainability Reporting

ACEII-PTRE exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. The Project is anchored on University policies that promote the sustainability of the University programmes and activities. It is therefore envisaged that the going concern of the University shall continue to be sustained through Government support, national and international donor's support. In line with this arrangement, the University constantly communicate with the Ministries of Education and the National treasury to upscale its budgetary allocation. Government support together with this Project injection of substantial cash inflow has greatly improved and increased the University's physical resources.

The University regularly engages national regulatory entities that set standards for the institution in terms of teaching, research and other operational activities in addition; there are frequent updates of staff on new and improved standards that guide the working environment and general acceptable practices, these updates improves the staff skills and thereby increase efficiency and effectiveness in service delivery. To this end, the University continues to review its statutes and other governing instruments and formulate policies that will put the institution in a world map of efficient service delivery and thereby attract partnership pact with donors of goodwill that shall ensure stability and life-long sustainability.

In addition, the University is also diversifying in commercial agricultural large apple farming that will generate revenue to support the Government budget. It is expected that when the Project picks up, the burden of redeeming the current debt situation shall be reduced.

On the other hand, the University is at discussion with the national government on the best and save avenue of right sizing of the employees so as to attain the acceptable international ratio of teaching against the non-teaching staff. This arrangement will reduce the current burden of managing the staff compensation and other operational activities. Upon completion, there shall be comfortable working environment and boosting of staff morale which in turn shall give positive results

a) Sustainability strategy and profile

In order to sustain the output of the Project and allow its continuity beyond the donor support, the University Management shall put in place measures that will strengthen the operation and management of the Project. This shall include:-

- More Research Proposals to attract more funds;
- Institutional capacity building from other faculties since they are opportunities of improvement and commercialization in the Project;
- Commercialization of research and innovative activities from the ACE II PTRE;
- Seeking financial support from the government and other interested parties for the start-ups;
- More engagement and linkage with other government ministries and SAGAS (Semi-autonomous government agencies so as to support our activities and benefit from our research output and innovation; and

- Proposals to the national Government to spearhead strategies that can influence industries to finance research at policy level.

b) Environmental Performance

The Project is anchored on the university policies that includes environmental among other policies. The Project has undertaken renovations of different University structures and adequate measures are in place to manage solid waste as well as occupational health and safety risks.

c) Employee Welfare

The University provides equal opportunity irrespective of gender to all the applicants who are seeking for the engagement in the University. This Employment criterion is contained in the University Human Resource Manual which provides guidelines on hiring and exiting the employment. This Manual has been incorporated with the National Government Human Resource Manual. The University engages its employees through open and transparent process and the employees engaged are expected to comply with constitutional and mandatory requirements, including the principles of affirmative action, gender and person enabled differently and mainstreaming of National values and principles of Governance as espoused in the constitution that guide the hiring process.

The performance of the employee are measured using appraisal instruments that provides feedback, review progress, identifies and addresses potential for rewarding and advancement

d) Market Place Practices

a) Responsible Supply chain and supplier relations-

The Project is guided by the Government Laws and Regulations governing the procurement and disposal of goods and services. These Laws and Regulations provide for equal opportunity to all eligible suppliers to do business with the Project. On its part, the Project has a duty and obligation to pay the goods and service providers their dues within the agreed period, and this has been done successfully.

b) Responsible ethical practices

The Project operates within the main University ethical guidelines and polices that are in place. This includes anti-corruption and nepotism and does not engage on political influence to make its decision.

c) Regulatory impact assessment

In order for the Project to remain operational the security and safety of the employee is paramount. The Project provides the safety gadgets in risk-prone areas to employees and visitors. It has also put in place firefighting equipment to secure assets in the event of fire. All these activities are subject to the assessment by competent and approved providers of such services. In insurance cover is provided by the University.

d) Community Engagements

The Project recognises the importance of the Community living around and within the University. In doing so, it has through the University Management engaged and shall continue do so in providing the Corporate Social Responsibility since the University recognizes that, for sustainable growth,

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Annual Report and Financial Statements for the year ended June 30, 2025.

profitability and posterity, it must play its role in society as an ethical and compliant entity that respects communities, rule of law and the environment.

5. Statement of Management Responsibilities

The Vice Chancellor and the Project Coordinator for ACEII, PTRE Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2025.

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

The Vice Chancellor and the Project Coordinator for ACEII, PTRE Project accept responsibility for the Project's financial statements, which have been prepared on the Transitional IPSAS Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.




The Vice Chancellor and the Project Coordinator for ACEII, PTRE Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2025 and of the Project's financial position as at that date.

The Vice Chancellor and the Project Coordinator for ACEII, PTRE Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Vice Chancellor and the Project Coordinator for ACEII, PTRE Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

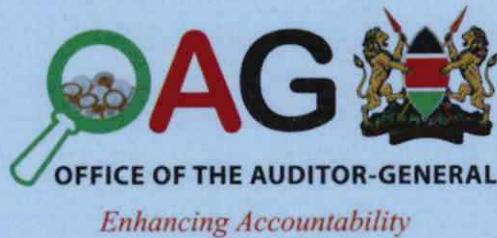
Approval of the Project Financial Statements

The Project financial statements were approved by the Vice Chancellor and the Project Coordinator for ACEII, PTRE Project 21/08/2025 2025 and signed by them.

		
Prof. Kiplagat Kottut	Sir. Prof. Ambrose Kiprop	CPA William Kipchoge
Vice Chancellor	Centre Leader	Ag. Chief Accountant
		ICPAK Member No:20105

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON AFRICA CENTRE OF EXCELLENCE (ACEII) IN PHYTOCHEMICALS, TEXTILES AND RENEWABLE ENERGY (PTRE) PROJECT (IDA CREDIT NO.5798-KE) FOR THE YEAR ENDED 30 JUNE, 2025 - MOI UNIVERSITY

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project set out on

Report of the Auditor-General on Africa Centre of Excellence (ACEII) In Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No.5798-KE) for the year ended 30 June, 2025 – Moi University

pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Africa Centre of Excellence (ACEII) 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 Subsidiary Grant Agreement for IDA Credit No. 2019-1973/006-001 between Moi University and the European Commission dated 28 November, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Doubtful Recovery of Funds Advanced to University and Unauthorized Reallocation of Funds to Non-Project Activities

The statement of financial position reflects receivables from exchange transactions balance of Kshs.12,931,644 as disclosed in Note 14 to the financial statements. Included in the balance is Kshs.12,000,000 representing 93% of receivables from exchange transactions that was paid to Moi University on 09 August, 2024. The amounts were to be utilized by Moi University towards payment of contract staff salaries for June, 2024, with a commitment to refund once the University received funds from the Universities Fund and HELB under the New Funding Model. This payment constituted a reallocation of funds earmarked for other activities without evidence of donor condition compliance or prior approval. In addition, the amount has not been recovered to date and recovery is uncertain.

In the circumstances, the valuation, recovery, validity and legality of receivables from exchange transactions of Kshs.12,931,644 could not be confirmed.

2. Understatement of Work in Progress Balance

The statement of financial position reflects acquisition of assets balance of Kshs.188,195,609 as disclosed in Note15 to the financial statements. Included in the balance is work in progress of Kshs.12,881,584 for construction of office block. However, review of supporting documents provided for audit revealed that a payment of Kshs.342,596 was omitted from the work in progress balance of Kshs.12,881,584 leading to a variance of Kshs.342,596.

In the circumstances, the accuracy and completeness of acquisition of assets balance of Kshs.12,881,584 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.262,525,910 and Kshs.29,461,990 resulting to underfunding of Kshs.233,063,920 or 89% of the budget. Similarly, the project spent an amount of Kshs.78,517,241 against actual receipts of Kshs.29,461,990 resulting to an over-expenditure of Kshs.49,055,250 or 166% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, three paragraphs were raised under other matter, however, Management has not resolved the issues.

In the circumstances, the issues remain outstanding.

Other Information

The Project Management is responsible for the other information set out on page ii to xxviii which comprise of Key Project Information and Management, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Completion of Studies Under the Scholarship Program

The Project offers scholarship program which aims to admit and train 30 PhD students and 60 Master's students in areas of manufacturing involving analytical chemistry, textiles, and renewable energy.

A total of Kshs.53,781,400 and Kshs.28,987,985 have been disbursed to date for tuition fees and research funding, respectively. These scholarships are awarded for a maximum period of two (2) years for Master's degrees and three (3) years for PhDs. However, review of the academic progress of the scholarship beneficiaries revealed significant delays, with 67% of the PhD students and 50% of the Master's students yet to complete their studies. Further, seventy-four (74) students who included twenty-eight (28) students for PhD and forty-six (46) students for Master's Degree had exceeded the expected completion period as stipulated by scholarship terms.

In the circumstances, the delayed completion of scholarship courses may jeopardize future funding opportunities and achievement of the intended project objective of contributing to research and capacity building in the targeted fields of manufacturing.

2. Receipt of Goods and Services Beyond the Stipulated Period

The project procured goods and services amounting to Kshs.64,076,935 as disclosed at Note 10 to the financial statement. However, audit review revealed that the project received goods and services valued at Kshs,1,778,965 beyond the validity delivery period disclosed in local purchase orders and local service orders contrary to Regulation 53.(1) of the Public Finance Management Regulations, 2015 which states that a local purchase order or service order is valid for 30 days from the date of issue.

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

3. Failure to Surrendered Imprest

Audit review of imprest management revealed that amount of Kshs.895,644 had not been surrendered by the close of financial period and there was neither evidence follow up nor recovery made from the defaulting officers contrary to Section 93(5)(6) of Public Finance Management Regulations, 2012 that states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station. In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate.

In the circumstances, project management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Long Outstanding Creditors

The statement of financial position as at 30 June, 2025 reflects trade and other payables balance of Kshs.10,367,466 as disclosed in Note 16 to the financial statements. However, a review of the aging analysis revealed that payables amounting to Kshs.6,706,498, for goods and services delivered and works done, have been outstanding for a period of more than one year.

In the circumstances, the project's ability to pay its debts as and when they fall due could not be confirmed.

2. Lack of Audit Committee

During the year under review, it was observed that the project did not have an audit committee to oversee the governance mechanism and promote transparency and accountability in the management of resources of the project, contrary to section 73(5) of

the Public Finance Management Act, 2012 which states that every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the Regulations.

In the circumstances, effectiveness of oversight on internal controls could not be confirmed.

3. Lack of an Updated Fixed Assets Register

The statement of financial position and Note 15 to the financial statement reflects total fixed assets balance of Kshs.188,195,609 including additions made during the year of Kshs.15,106,689. Although the Note 15 is described as a summary of the fixed assets register, the fixed asset register provided for review did not conform with a format prescribed Public Sector Accounting Standards Board (PSASB). The minimum requirements include identification of fixed assets, serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and identification codes with which assets were tagged. In addition, fixed assets were not tagged and therefore it was not possible to confirm ownership.

Further, Note 15 to the financial statements reflects opening balances for furniture, plant and equipment and computers of Kshs.95,850,408 and Kshs.10,025,226 while supporting documents reflect balances of Kshs.96,870,133 and Kshs.11,230,605 resulting in unreconciled variances of Kshs.1,019,725 and Kshs.1,205,379 respectively.

In the circumstances, the effectiveness of Management compliance with Public Sector Accounting Standards Board (PSASB) guidelines could not be confirmed.

4. Failure to Use Treasury Approved Chart of Accounts

During the year under review, the project management did not maintain financial records in accordance with the Treasury approved chart of accounts as prescribed by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the effectiveness of Management compliance with the PSASB guidelines could not be confirmed.

5. Failure to Submit Annual Climate Change Performance Reports

A review of the project operation revealed that management did not submit the annual climate change performance report to the Climate Change Council. This was contrary to the requirement of Section 15(5)(f) of the Climate Change Act, 2016. In the absence of the required annual report, the effectiveness of this expenditure in contributing to the Authority's climate change mandate could not be confirmed.

In the circumstances, the effectiveness of Management compliance with the Climate Change Act, 2016 could not be confirmed.

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

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by loan agreement between Republic of Kenya and International Development Association (IDA Credit No.5798 - KE), I report based on my audit, that;

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements agree with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 September, 2025

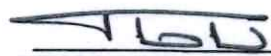


MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Notes	2024/2025 Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	-
Transfers from Domestic and Foreign Partners	7	28,489,285
Total		28,489,285
Revenue from exchange transactions		
Miscellaneous income	8	972,705
Total revenue		29,461,990
Expenses		
Purchase of goods and services-Govt grants	9	14,440,306
Use of goods and services-Attracted Fund	10	64,076,935
Depreciation Expense	11	15,993,423
Total expenses		94,510,664
Deficit for the year		(65,048,674)
Taxation	12	-
Net Deficit		(65,048,674)

The Financial Statements set out on pages 1 to 51 were signed by:

		
Prof. Kiplagat Kottut	Sir. Prof. Ambrose Kiprop	CPA William Kipchoge
Vice Chancellor	Centre Leader	Ag. Chief Accountant
		ICPAK Member No:20105

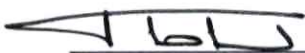


MOI UNIVERSITY ACEII PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

8. Statement of Financial Position as at 30 June 2025

	Notes	2024/2025 Kshs	Opening Statement 1 st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	164,306,704	242,188,832
Receivables from Exchange Transactions	14	12,931,644	2,256,986
Total Current Assets		177,238,348	244,445,818
Non-Current Assets			
Property, Plant and Equipment	15	188,195,609	207,549,718
Total Non- Current Assets		188,195,609	207,549,718
Total Assets (a)		365,433,957	451,995,536
Liabilities			
Current Liabilities			
Trade and Other Payables	16	10,367,466	6,706,498
Current Provision		-	-
Total Current Liabilities		10,367,466	6,706,498
Non-Current Liabilities			
Non-Current Provisions		-	-
Total Non- Current Liabilities		-	-
Total Liabilities (b)		10,367,466	6,706,498
Net Assets (a-b)		355,066,491	445,289,038
Represented by:			
Reserves		-	-
Accumulated Surplus		355,066,491	237,739,321
Capital Fund			207,549,717
Net Assets		355,066,491	445,289,038

The financial statements set out on pages 1 to 51 were signed by:

		
Prof. Kiplagat Kottut	Sir. Prof. Ambrose Kiprop	CPA William Kipchoge
Vice Chancellor	Centre Leader	Ag. Chief Accountant
		ICPAK Member No:20105

MOI UNIVERSITY ACEH PTRE

Annual Report and Financial Statements for the year ended June 30, 2025.

9. Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Reserves	Capital Fund	Total
Fund balance as at 30th June 2024	237,739,321	-	-	237,739,321
Adjustments				
Recognition of Assets	189,082,343			189,082,343
Recognition of Liabilities	(6,706,498)			(6,706,498)
As at July 1, 2024	420,115,165	-	-	420,115,165
Return to Exchequer	-			-
Surplus/ deficit for the year	(65,048,674)			(65,048,674)
Capital funds received in the year			-	
As at June 30, 2025	355,066,491	-	-	355,066,491

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

		Fy 2024/2025
	Notes	Kshs
Cash flows from operating activities		
Receipts		-
Transfers from exchequers		28,489,285
Transfers from other governments entities		972,705
Other income		29,461,990
Total receipts		
Payments		14,440,306
Purchase of goods and services-Govt grants		80,070,358
Use of goods and services-Attracted Fund		94,510,664
Total payments		
Net cash flows from/(used in) operating activities	17	(65,048,674)
Accounted Imprest Debtors		2,256,986
Cash received /Refunds		16,249
Net Cashflow from Operating Activities		(62,775,439)
Cash flows from investing activities		
Purchase of PPE		(15,106,689)
Net cash flows from/(used in) investing activities		(15,106,689)
Cash flows from financing activities		
Return to Exchequer		-
Net cash flows from financing Activities		-
Net increase/(decrease) in cash & Cash equivalents		(77,882,128)
Cash and cash equivalents at 1 July 2024	13	242,188,832
Cash and cash equivalents at 30 June 2025	13	164,306,704

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

Recurrent and Development Combined

		Balance b/fwd	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Utilization of	Comments on Variance
				a	b	c=a-b	d=b/a %	
	Receipts							
a)	Transfer from Government entities	65,078,432	71,235,583	136,314,015	-	136,314,015	0	(i)
b)	Proceeds from domestic and foreign grants	94,482,938	25,974,343	120,457,281	28,489,285	91,967,996	24	(ii)
c)	Proceeds from borrowings		-	-	-	-	0	
d)	Miscellaneous receipts	5,031,910	722,705	5,754,615	972,705	4,781,910	17	(iii)
	Total Receipts	164,593,280	97,932,630	262,525,910	29,461,990	233,063,920	11	
	Payments							
1.0	Supporting institutional frame work for delivery of ACE activities	5,777,354	23,833,920	29,611,274	7,162,099	22,449,175	24	(iv)
2.0	Strengthen education capacity excellence - quality and productivity	2,436,700	398,235	2,834,935	1,434,850	1,400,085	51	(v)

3	Education Capacity & Development Impact	1,131,723	4,137,847	5,269,570	3,134,288	2,135,282	59	(vi)
4	Strengthen Research Capacity Excellence-Quality and productivity	55,227,349	42,865,580	98,092,929	2,506,669	95,586,260	3	(vii)
5	Strengthen education and research capacity (through increased financial sustainability) and demonstration of value to students and partners	298,806	-	298,806	120,000	178,806	40	(viii)
6	Observation of best practices in ACE Financial Operation	103,250	-	103,250	82,400	20,850	80	(ix)
7	Observation of best practices in ACE procurement operation	103,250	-	103,250	-	103,250	0	(x)
8	Donor Attracted Expenses	99,514,848	26,697,048	126,211,896	64,076,935	62,134,961	51	(xi)
	Total Payments	164,593,280	97,932,630	262,525,910	78,517,241	184,008,669	30	-
	Surplus/Deficit	-	-	-	(49,055,250)			




(a) Variance analysis:

(i ,ii,& iii). Favourable proceeds from domestic and foreign grants for the year were brought forward from 2023/2024 Financial Year

(iii). The Centre did receive funds from conference fees, bus hire & accommodations as the main source of funds.

- iv) A-The following activities not undertaken (workshops not done, purchase of generator, Lab construction & furniture for new ACEII building procurements are ongoing.
 - (v)-students research support funds were not fully absorbed.
 - (vi) The development of regional/international postgraduate Msc curriculum is ongoing and will be completed in the 2025-2026 financial year
 - (vii). The acquisition of lab equipment's/construction of ACE II building are ongoing.
 - (viii)- Activities relating to commercialisation indicatives and processing of patents have begun and ongoing.
 - (ix). All activities planned undertaken in the Financial Year
 - (x)-. external review of procurement processes did not take place in the year but have been scheduled for quarter 1 of 2025-2026 financial year.
 - (xi)- The implementation of the various donor-attracted programmes is ongoing and have been rolled over to the next Financial Year
-

The entity financial statements were approved on 21/08/2025 and signed by:

		
Prof. Kiplagat Kottut	Sir. Prof. Ambrose Kiprop	CPA William Kipchoge
Vice Chancellor	Centre Leader	Ag. Chief Accountant
		ICPAK Member No:20105

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(49,055,250))
1	Add: Opening cash and cash equivalent	242,188,832
2	Add Accruals	2,615,830
3.	Depreciation expense	(15,993,423)
4.	Payment of payables	(342,596)
5.	Purchase of Assets	(15,106,689)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	164,306,704

12. Notes to the Financial Statements

1. General Information

The ACEII PTRE Project is established by and derives its authority and accountability from PROJECT GRANT/CREDIT NUMBER: IDA CREDIT 5798-KE and is wholly owned by the government of Kenya through the ministry of higher education and is implemented by Moi University. The project is domiciled in Kenya.

The key objective of the project is to advance technology development and innovation in Phytochemicals, Textiles and Renewable Energy through delivery of quality post graduate training and collaborative research in regional priority areas.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

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.

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 PROJECT.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

Standard	Effective date and impact:
<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>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 of accounting for revenue under one standard. The objective of the standard is to establish the principles that an PROJECT 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>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>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</p>

MOI UNIVERSITY ACEII PTRE

Annual Reports and Financial Statements for the year ended June 30, 2025

Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

ii) Early adoption of standards

ACEII, PTRE did not early – adopt any new or amended standards in the financial since most of the above have no impact on its financials.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

ACEII -PTRE 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 ACEII -PTRE 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 ACEII -PTRE and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

ACEII -PTRE 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.

Interest income

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

Rental income

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

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/25 was approved by the ACEII Centre Leadership. 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 ACEII -PTRE upon receiving the respective approvals in order to conclude the final budget. Accordingly, ACEII -PTRE recorded additional appropriations of Kshs.262,525,910 on the 2024/25 budget following the governing body's approval. ACEII -PTRE 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 cash flows has been presented under Budget Reconciliation of these financial statements.

c) Property, plant and equipment

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

Summary of Significant Accounting Policies (Continued)

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to ACEII -PTRE. 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. ACEII -PTRE 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 PROJECT will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Intangible assets

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

f) Research and development costs

ACEII -PTRE expenses research costs as incurred. Development costs on an individual Project are recognized as intangible assets when ACEII -PTRE can demonstrate:

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. ACEII -PTRE *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 PROJECT and a financial liability or equity instrument of another PROJECT. At initial recognition, the PROJECT measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where ACEII - PTRE 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

ACEII -PTRE does not keep financial assets thus impairment of financial assets do not apply.

b) Financial liabilities

Classification

ACEII -PTRE classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

i) Provisions

Provisions are recognized when ACEII -PTRE 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 ACEII -PTRE 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Nature and purpose of reserves

ACEII -PTRE creates and maintains reserves in terms of specific requirements. Revenue based on Annual retained earnings and Capital Reserves based on Capital Income Received

k) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

ACEII -PTRE regards a related party as a person or an PROJECT with the ability to exert control individually or jointly, or to exercise significant influence over the *PROJECT*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Service concession arrangements

ACEII -PTRE 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, ACEII -PTRE recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, ACEII -PTRE also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) Comparative figures

In preparing these financial statements, ACEII -PTRE has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an PROJECT to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

s) Subsequent events

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of ACEII -PTRE 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:

Estimates and assumptions

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

Useful lives and residual value

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 ACEII -PTRE.
- 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

Provisions

No Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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.

MOI UNIVERSITY ACEH PTRE

Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial Performance	Amount deferred under deferred income	Total transfers Period ended 30 June 20 25
	Kshs	Kshs	Kshs
Recurrent	-	-	-
Development	-	-	-
Total	-	-	-

7. Transfers from Domestic and Foreign Partners

Description	FY 2024/2025
	Kshs
Grants in Cash from Bilateral donors	28,489,285
Grants in Cash from Multilateral donors	-
Other Public Donations (Specify)	-
Total	28,489,285

MOI UNIVERSITY ACEH PTRE

Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

Details on Transfers from domestic and foreign partners

Name Of The PROJECT Sending The Grant/Transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers 2024-2025
	Kshs	Kshs	Kshs
Hochschule Ma	6,419,425	-	6,419,425
United Nations	14,490,173	-	14,490,173
UNZA School of engineering	3,955,686	-	3,955,686
BANATEX PROJECT	1,799,243		1,799,243
Intract Africa Project	541,500		541,500
Skies Project	1,283,258		1,283,258
Total	28,489,285	-	28,489,285

MOI UNIVERSITY ACEII PTRE

Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

8. Miscellaneous Incomes

Description	FY 2024/2025
	Kshs
Application and Accommodation fees	599,000
Short courses and Conference fees	260,705
Misc Receipts	113,000
Total Miscellaneous income	972,705

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

9. Purchase of Goods and Services -Government Grants

Description	FY 2024/2025
	Kshs
Set up Institutional Framework for Commencement of the ACEII	7,162,099
Strengthen Educational Capacity Excellence - Quality and Productivity	1,434,850
Education Capacity and Development Impact	3,134,288
Strengthen Research Capacity Excellence - Quality and Productivity	2,506,669
Strengthen education and research capacity (through increased financial sustainability) and demonstration of value to students and partners	120,000
Observation of best practices in ACE financial operation	82,400
Total Purchase of Goods and Services Govt Grants	14,440,306

** Other employee related costs- please provide a brief explanation for these costs*

MOI UNIVERSITY ACEII PTRE**Annual Reports and Financial Statements for the year ended June 30, 2025****Notes to the Financial Statements (Continued)****10. Use of Goods and Services Donor Attracted Funds**

Description	FY 2024/2025
	Kshs
AFBD Project	249,350
Banana Project	308,700
BANATEX	1,487,243
ICRECC	258,684
Incubation	1,717,208
Interact Africa	16,543,570
Intex Project	11,711,457
JIRA Project	1,690,351
Kennet	405,500
Leap -Re	992,800
Lomso Project	91,932
MIRET Project	11,202,323
Preservative Project	32,200
Sentimental Project	3,309,602
SKIES Project	3,064,118
SPREE Project	10,339,392
TWAZA Project	506,266
ESCO Project	166,239
Total Use of Goods Donor Attracted Funds	64,076,935

11. Depreciation and Amortization Expense

Description	FY 2024/2025
	Kshs
Property, plant and equipment	15,993,423
Total	15,993,423

12. Taxation

Description	FY 2024/2025
	Kshs
Current income tax charge	-
Tax charged on rental income	-
Tax charged on interest income	-
Deferred tax	-
Original and reversal of temporary differences	-
Income tax expense reported in the statement of financial performance	-

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	FY 2024/2025	Opening statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	164,306,704	242,188,832
Total	164,306,704	242,188,832

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

13 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY 2024/2025	Opening statement 1 st July 2024
		Kshs	Kshs
Recurrent Account			
Kenya Commercial Bank	A/c No. 1202447163	164,306,704	242,188,832
Others (Specify)			
Cash on Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		164,306,704	242,188,832
Grand Total		164,306,704	242,188,832

Notes to the Financial Statements (Continued)

14. Receivables from Exchange Transactions

Description	FY 2024/2025	Opening statement 1 st July 2024
	Kshs	Kshs
Other exchange debtors	12,931,644	2,256,986
Less: impairment allowance	(-)	(-)
Total Receivables	12,931,644	2,256,986
a) Current receivables	12,931,644	2,256,986
b) Non-current receivables	-	-
Total receivables (a+b)	12,931,644	2,256,986

14 (a) Ageing analysis for Receivables

Description	FY 2024/2025		Opening statement 1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1 st July	% of the total
Less than 1 year	12,931,644	100%	2,256,986	100%
Total (a+b)	12,931,644	100%	2,256,986	100%

14 (b) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	Insert Current FY
	Kshs
At the beginning of the year	-
Additional allowance during the year	-
Recovered during the year	(-)
Written off during the year	(-)
At the end of the year	-

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Notes to the Financial Statements (Continued)

15 Property, Plant, and Equipment

	Cost	Buildings		W.I.P	Furniture plant and Equipment		Computers		Motor vehicles & Aero planes		Total
		Kes	2%		Kes	12.5%	Kes	33.30%	Kes	12.5%	
Depreciation Rate											
At 1st July 2024		-		76,492,691	95,850,408	-	10,025,226	25,181,393			207,549,718
Transfers/Adjustments		-		-	(11,981,301)		(3,338,400)	(3,147,574)			(18,467,375)
B/F 1st July 2025				76,492,691	83,869,107		6,686,826	22,033,719			189,082,343
Additions		-		12,881,585	1,019,725		1,205,379	-			15,106,689
Disposals		-		-	-		-	-			-
At 30th June, 2025		-		89,374,276	84,888,832		7,892,205	22,033,719			204,189,032
Depreciation and Impairment											
At 1st July 2024		-		-	-		-	-			-
Depreciations		-		-	(10,611,104)		(2,628,104)	(2,754,215)			(15,993,423)
Disposal		-		-	-		-	-			-
Impairment		-		-	-		-	-			-
Transfers/Adjustments		-		-	-		-	-			-
At 30 June, 2025		-		-	(10,611,104)		(2,628,104)	(2,754,215)			(15,993,423)
Net book values											
As At 30 June 2025		-		89,374,276	74,277,728		5,264,101	19,279,504			188,195,609
At 30 June 2024		-		76,492,691	95,850,408		10,025,226	25,181,393			207,549,718

(Include a brief description of WIP as a footer.)

Notes to the Financial Statements (Continued)

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at , PPE has been valued at the current operational value which is the amount the PROJECT would pay for the remaining service potential of an asset at the measurement date.

16 Trade and Other Payables

Description	FY 2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	10,367,466		6,706,498	
Third-party payments	-		-	
Other payables	-		-	
Total trade and other payables	10,367,466		6,706,498	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	1st July	% of the Total
Under one year	3,660,968	36%	5,281,055	78%
1-2 years	5,281,055	50%	1,425,443	22%
2-3 years	1,425,443	14%	0	%
Total (tie to above total)	10,367,466	100. %	6,706,498	100%

17 Cash Generated from Operations

	FY 2024/2025
	Kshs
Deficit for the year before tax	(65,048,674)
Adjusted for:	
Depreciation	15,993,423
Working capital adjustments	
Increase in receivables	(10,674,658)
Increase in payables	3,660,968
Net cash flow from operating activities	(62,775,438)

Notes to the Financial Statements (Continued)

18 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of ACEII PTRE Project, holding 100% of the *PROJECT's* equity interest.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Notes to the Financial Statements (Continued)

19 Disclosure

The Financial statements have been prepared under IPSAS Accrual as Transitional Financial Statements from IPSAS Cash and the transition will be complete in FY 2026/2027

20 Events after the Reporting Period

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

21 Ultimate And Holding PROJECT

The PROJECT ultimate parent is the Government of Kenya.

22 Currency

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

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23. Annexes

Annex 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	Budget control performance: The under funding of kshs 219,142,276- 44% of the budget may have impacted negatively on the delivery of services to the public	The consolidated Budget for the year ended 30 th June 2024, Kshs. 494,454,391/= was not underfunded as noted by the auditor. The deficit was covered by the funds for prior year activities represented by balance of funds project as at the beginning of the year.	Not Resolved	To be discussed at the Audit of 2024-2025
2	Delayed Completion of Studies Under the Scholarship Program significant delays, with 71 % of the PhD students and 55% of the Master's students yet to complete their studies. In the circumstances, the delayed completion of scholarship courses may jeopardize future funding opportunities and achievement of the intended project objective of contributing to research and capacity building in the targeted fields of manufacturing.	The schools concerned have been in constant communication with the students and progress reports from component coordinators submitted to ACEII, PTRE.	Not Resolved	To be discussed at the Audit of 2024-2025

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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	Lack of audit committee	The ACEII,PTRE Project activities have been scheduled to be done in the year 2024-2025 financial year.	<i>Not Resolved</i>	To be discussed at the Audit of 2024-2025

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Centre Leader

Date *21/08/2025*

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Annex II: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land	-				
Buildings and structures	-	-	-	-	
Transport equipment	25,181,393	-	-	-	25,181,393
Office equipment, furniture and fittings	9,461,262	269,569	0	0	9,730,831
ICT Equipment	10,025,226	1,205,379	0	0	11,230,605
Lab Equipment	86,389,146	750,156	0	0	87,139,302
Work in Progress	76,492,691	12,881,585	0	0	89,374,276
Total	207,549,718	15,106,689	-	-	222,656,407

