

REPUBLIC OF KENYA



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 THE NATIONAL ASSEMBLY REPORT	
DATE: 24 FEB 2026	
DAY: Tuesday	
TABLED BY:	Deputy Leader Majority Party
OF	Hon. Owen Baya, MP
CLERK-AT THE-TABLE:	Mr. Benson Inzofu.

THE AUDITOR-GENERAL

ON

VIJANA VUKA NA AFYA (VIVA) YOUTH PROGRAMME PROJECT NO. 201367465

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

STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY



PROJECT NAME: VIJANA VUKA NA AFYA (VIVA)

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR YOUTH AFFAIRS AND
CREATIVE ECONOMY**

PROJECT GRANT/CREDIT NUMBER: 201367465

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

State Department for Youth Affairs and Creative Economy
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2025

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
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.
SRH	Sexual Reproductive Health
PAC	Parliamentary Accounts Committee

2. Project Information and Overall Performance

2.1 Name and registered office

The project's official name is Vijana Vuka na Afya (VIVA).

Objective

The key objective of the project is to enhance positive health seeking behavior among the youth.

Address

KENCOM HOUSE, 3rd Floor (NAIROBI),
Nairobi County,
Kenya.

Contacts: The following are the project contacts

P.O. Box: 34303-00100

Telephone: (254) 022251674

E-mail: psy@youth.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	23 rd December 2021
Project End Date:	23 rd December 2025 (after extension for 1 year)
Project Coordinator:	Dr Franklin Njue Mbae
Project Development Partner:	Kfw Development Bank

2.3 Project Overview

Line Ministry or State Department	State Department for Youth affairs and Creative Economy.
Project number	201367465
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase access to sexual reproductive health services (ii) Enhance access to technical and vocational skills training
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Demand creation for sexual reproductive health services and products through awareness creation (ii) Enhance access to technical and vocational skills training
Other important background information of the project	The project was conceived through the survey conducted in 2014 and 2015 in the informal settlements of Mombasa, Kilifi, Kisumu and Nairobi. The survey highlighted the following challenges that youth in age 15 to 24 years face. These were mainly: high poverty levels, high teenage pregnancies and lack of access to quality sexual reproductive health. The Federal Republic of Germany and Kenya Government committed to address the challenges. The German Government committed to provide Euros 6.5 Million and Government of Kenya committed Euro 0.72 Million.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) High teenage pregnancies (ii) Lack of adequate youth friendly SRH services
Project duration	Three Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

- (i) Central Bank of Kenya,
 P.O. BOX 60000,
 Nairobi,
 Kenya.

2.5 Independent Auditor

The project is audited by the Office of the Auditor General (OAG)

2.6 Roles and Responsibilities

The following officers were involved in the project in the financial year under review.

No	Names	Title designation	Key qualification	Responsibilities
	Hon. Salim Mvurya, Mgala EGH	Cabinet Secretary	Master's degree in Participation, Power and Social Change	Overall Direction
	Mr. Fikirini Jacobs Katoi Kahindi	Principal Secretary	Bachelors of Arts Philosophy	Accounting Officer
	Dr. Franklin Njue Mbae	National Project Coordinator	Doctor of Philosophy in Business Administration	Coordination of the overall project implementation
	Dr. Annah Yegon	Deputy Project Coordinator	Doctor of Philosophy in Education Management	Assisting the National Project Coordinator on project implementation
	CPA Caroline Gacheri Muchena	Project Accountant	Bachelor's Degree (BBA), CPA(K)	In charge of finance and accounts of the project

2.7 Funding summary

The Project is for duration of 3 years from 23rd December 2021 to 23rd December 2024 with an approved budget of Euros 7.2 Million equivalent to Kshs. 914.4 Million as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency EURO (A)	Kshs (A')	Development Partner currency EURO (B)	Kshs (B')	Development Partner currency EURO (A)-(B)	Kshs (A') - (B')
(i) Grant						
KFW Development Bank	6,500,000	825,500,000	4,339,622.68	551,382,749	2,158,403.55	274,117,251
(ii) Counterpart Funds						
Government of Kenya	700,000	88,900,000	508,115.89	64,530,718	191,884.11	24,369,282
Total	7,200,000	914,400,000	4,847,738.57	615,913,467	2,350,287.66	298,486,533

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)	
	Development Partner currency EURO	Kshs	Development Partner currency EURO	Kshs	Development Partner currency EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
KFW Development Bank	4,339,622.68	551,382,749	4,337,825.07	551,123,281	1,797.61	259,467
(i) Counterpart funds						
Government of Kenya	508,115.89	64,530,718	508,115.89	64,530,718	-	
Total	4,847,738.57	615,913,467	4,847,738.57	615,653,999	1,797.61	259,467.3

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Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i) Budget performance against actual amounts for the current year and for cumulative to-date

FY	Amount Received (Kshs)	Amount Utilized in (Kshs)	Percentage
2024/2025	186,682,528	186,423,060	99.86%
TOTAL	186,682,528	186,423,060	99.86%

(ii) Physical Progress based on outputs, outcomes and impact since project commencement

During 2024/2025 financial year; 14,309 youths trained on Comprehensive Sexuality Education, the number of young people accessing Sexual Reproductive Health Services were 20,285; the sexual reproductive health services accessed were 29,194 through the 40 public health facilities for delivery of health services, that were onboarded to Vijana Vuka na Afya (VIVA). During the financial year, 150 youth peer educators capacity built through mentorship support, 338 youth were enrolled for apprenticeship training to take various market specific skills training (vocational education) under master craft-persons; 175 young people completed the training. Further, 10,800 youth were mobilized for sporting activities.

During the 3 years (36 months period) that is 2022/2023 to 2024/2025 financial year, 78,609 youths trained on Comprehensive Sexuality Education, accessing at least 5 sessions; the number of young people accessing Sexual Reproductive Health Services were 110,577; the sexual reproductive health services accessed were 187,417 through the 40 public health facilities for delivery of health services, that were onboarded to Vijana Vuka na Afya (VIVA). During the three years, 155 youth peer educators were trained and capacity built through mentorship support, 338 youth were enrolled for apprenticeship training to take various market specific skills training (vocational education) under master craft-persons; 175 young people completed the training. Youth trained on entrepreneurship were 5,621 and 75 youth lending and savings associations were formed. Further, 313 youth were trained on leadership and management. Further, 19,809 youth were mobilized and engaged in sporting and physical activities.

(iii) Absorption rate for each year since the commencement of the project

Financial Year	Actual Budget (Kshs)	Actual Expenditure (Kshs)	Percentage %
2023-2024	393,222,610.00	177,869,160.00	45.23
2024-2025	250,000,000.00	186,423,060.00	74.57

(iv) Overall Implementation challenges and way forward

- There was delay in finalization of service level agreement with county government for health facility to offer SRH services
- Attrition of youth in Apprenticeship training as they get challenges of transport.
- Disposition of funds – the funds are withheld by the donor, translating to pending bills in facilities.
- There is payment for the youths that are eligible for NITA exams that goes at a cost of Ksh. 1,388,400/=
- There is need for funds to support start-up kits amounting to 1,780,000 for the youths who have completed.
- Lack of counterpart funding to support coordination and implementation of unachieved/pending milestones,
- The pending milestones that are in the process of being implemented include; training of 2800 youth on market specific skills (vocational education) and training of 4,500 youth on ICT (digital literacy/marketing skills) training.

2.9 Summary of Project Compliance:

There were no cases of non-compliance with applicable laws and regulations and essential external financing agreement/covenants. Hence no-consequences were suffered or likely to be suffered on account of non-compliance.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key development objectives of the project's agreement/ plan are to:

- a) Reach 60,000 youths in SRH products and services
- b) Empower 3,019 youths with knowledge and skills to improve social economic wellbeing
- c) Strengthen the capacity to deliver essential services
- d) Engage 19,000 youths in sporting and physical activities
- e) Train 4,500 youth on entrepreneurship
- f) Train 300 youths' leaders on leadership skills

Progress on the 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.

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Below we provide the progress on attaining the stated objectives in the 36-month period:

Project aim	Objective	Outcome	Indicator	Performance
Improve youth knowledge, agency and motivation to use sexual reproductive health services	Reach 60,000 youth with age appropriate SRH services	Create awareness and improve access to SRH services	131.02%	78,609 youths trained through peer-to-peer learning
	Train 150 peer educators	150 peer educators to conduct age-appropriate sexual education sessions	100%	155 peer educators reached
Strengthen capacity to deliver SRH	Training service providers in delivering services	134 health facilities trained	100%	134 health professionals were trained
Expand access to subsidized youth friendly sexual and reproductive health services	85,000 youth to access subsidized sexual reproductive health products and services	57,089 youth accesses subsidized health services	126.2%	110, 584 Services accessed from the 4 contracted public facilities
Promote meaningful engagement in sports and physical activities	Engage 19,100 youth in sport and physical activities	14,000 youth engaged in sporting and physical activities	103.17%	19,809 youth engaged through sport such as football, basketball, martial arts through community bas clubs with 88 youth clubs that participated.
Improve access to skills and funding opportunities	Reach 3,000 youth with skills	1,000 reached	33%	338 Youth identified for specific skills training, 5,621 trained on entrepreneurship and 313 trained on Leadership and Management

4. Environmental and Sustainability Reporting

Vijana Vuka na Afya (VIVA) project exist to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

Activities that fall due elections period will be distributed across safe months this to avoid being affected negatively and involve beneficiaries in planning.

On pandemic, project activities will be delivered in total compliance with government protocols.

2. Environmental performance

The project shall ensure that the implementors comply with the applicable laws and regulation on environmental policies and standards including sexual exploitation under ILO treaties. Implement environmental and social risks mitigation measures as identified social management plan.

3. Employee welfare

The consultant complies with all applicable laws, rules, regulation and provision of relevant legal systems relating to the performance of the contract or failure to comply would impair ability to perform its obligations hereunder as not to enter into or continue any business relationship with Kenyan nationals or entities.

Consultants shall treat employees fairly and train employees on new areas of competence.

4. Marketplace practices-

The organization should outline its efforts to:

a) Responsible Supply chain and supplier relations-

Use the internationally accepted principles on procurement and contract management to ensure fairness equity and compensation

b) Responsible ethical practices

Outline efforts to maintain ethical and anti-corruption practices and responsible political involvement. Unethical practices are sanctionable under the financing agreement and contract entered hereafter and explicitly started in the evaluation conditions of each contract.

c) Regulatory impact assessment

The project will conduct the assessment for compliance to risk mitigation measures and level implementation recommendations arising thereof and make a report

5. Community Engagements

DSW one of the consultants has equipped 3 youths empowerment center and has been training and paying youth peer educators. Additionally, the project will do community soccer to support development of youth talent.

5. Statement of Project Management Responsibilities

The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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 financial year ended on June 30, 2025.

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

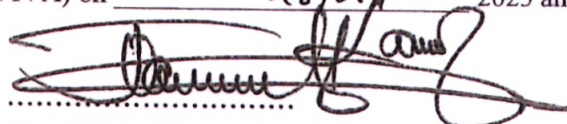
The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Vijana Vuka na Afya (VIVA) accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Youth Affairs and Creative Economy the Project Coordinator for Vijana Vuka na Afya (VIVA) are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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.

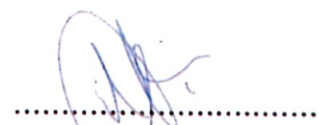
The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Vijana Vuka na Afya (VIVA) confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Vijana Vuka na Afya (VIVA) on 28/06/2025 and signed by:



Mr. Fikirini Jacobs Katoi Kahindi
Principal Secretary



Dr. Franklin Njue. Mbae
Project Coordinator

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON VIJANA VUKA NA AFYA (VIVA) YOUTH PROGRAMME PROJECT NO. 201367465 FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Vijana Vuka na Afya (VIVA) Youth Programme set out on pages 1 to 27, 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, the financial statements present fairly, in all material respects, the financial position of Vijana Vuka na Afya (VIVA) Youth Programme 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 Financing Agreement No.201367465 dated 22 November, 2016 amended on 30 March, 2021 between the KfW Development Bank and the Republic of Kenya and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis amounting to Kshs.250,000,000 and Kshs.186,682,528 respectively resulting in a revenue shortfall of Kshs.63,317,472 or 25% of the budget. Similarly, the Project expended Kshs.186,423,060 against an approved budget of Kshs.250,000,000 resulting to an under expenditure of Kshs.63,576,940 (25%).

The under-funding and under-expenditure imply that some of the planned activities were not implemented which could impact negatively on the achievement of the overall Programme's goals and objectives.

2. Undrawn Amount

The financial statements have disclosed on page vi Kshs.298,486,533 being undrawn fund balance for the year ended 30 June, 2025. The balance is composed of Kshs.274,117,251 and Kshs.24,369,282 being undrawn balances for the Donor and

Government of Kenya respectively. The project is proposed to end on 23 December, 2025. It is therefore, not possible to confirm whether the funds will be fully absorbed before the project closes and meet the objective of the project to transform lives of the youth aged 15-24 in Nairobi, Mombasa and Kisumu Counties.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, issues were raised under Report on Financial Statements. However, as at 30 June, 2025, Management had not resolved all the issues as prescribed in the reporting template set by the Public Sector Accounting Standards Board.

Other Information

The Management is responsible for the Other Information set out on page iii to xiv which comprise of Key Entity Information and Management, Management Team, Project Information and Overall Performance, Statement of Performance against Project's predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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 THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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

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

Conclusion

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

Basis for Conclusion

Lack of Government of Kenya (GoK) Counterpart Funding

The funding summary under page vi of the financial statements indicate that, the Donor was to fund Kshs.825,500,000 while the Government of Kenya was to fund Kshs.88,900,000 towards the project. As at the close of the financial year, the Government of Kenya had released a total of Kshs.64,530,718 leaving a balance of Kshs.24,369,282.

Audit review of the financial statements under Note 6 indicate that, no Government of Kenya (GoK) counterpart funding was received during the year under review. This is despite the Government of Kenya having an outstanding payment of Kshs.24,369,282 towards the project. Considering that the project is coming to close in December, 2025, achievement of project objectives may not be realized.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the financing agreement between the Government of Kenya and the KfW Development Bank, 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 those records 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 are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

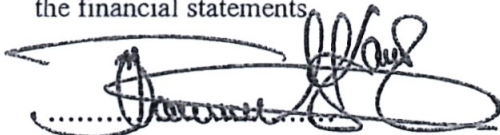
05 November, 2025

State Department for Youth Affairs and Creative Economy
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
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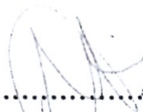
7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	Period ended June 2025
		Kshs
Revenue from non-exchange transactions		
Revenue Transfers	6	186,682,528
Miscellaneous Incomes	7	-
Total Revenue		186,682,528
Expenses		
Employee costs	8	
Use of goods and services	9	186,423,060
Depreciation and amortization expense	10	-
Transfers to other Government Entities	11	-
Other Transfers/Subsidies/ Grants	12	-
Certified works	13	-
Total expenses		186,423,060
Other gains/(losses)		
Gain/(loss) on sale of assets	14	-
Gain/(Loss) on foreign exchange transactions	15	-
Impairment loss	16	-
Total gains/(losses)		-
Surplus/Deficit for the year		259,467

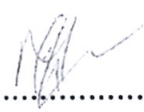
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Mr. Fikirini Jacobs Katoi Kahindi
Principal Secretary



Dr. Franklin Njue Mbae
Project Coordinator



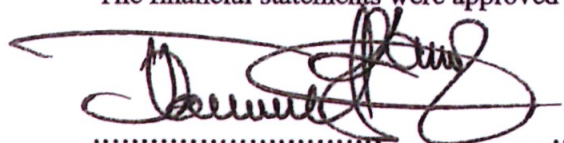
CPA Caroline Muchena
Project Accountant
ICPAK Member
No:14674

State Department for Youth Affairs and Creative Economy
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2025


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

	Note	Period ended	Opening
		June 2025	Statement as at
		Kshs	1st July 2024
			Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	259,467	85,131
Receivables	18	-	-
Inventories	19	-	-
Prepayments	20	-	-
Total Current Assets		259,467	85,131
Non-Current Assets			
Property, Plant and Equipment	21	-	-
Intangible Assets	22	-	-
Total Non- Current Assets		-	-
Total Assets (a)		259,467	85,131
Liabilities			
Current Liabilities			
Trade and Other Payables	23	-	-
Third Party Deposits	24	-	-
Deferred Income	25	-	-
Total Current Liabilities(b)		-	-
Total Liabilities		-	-
Net Assets		259,467	85,131
Represented By:			
Accumulated Surplus		259,467	85,131
Total Net Assets		259,467	85,131

The financial statements were approved on 28/08/2025 and signed by



Mr. Fikirini Jacobs Katoi Kahindi
Principal Secretary



Dr. Franklin Njue Mbae
Project Coordinator



CPA Caroline Muchena
Project Accountant
ICPAK Member No:14674

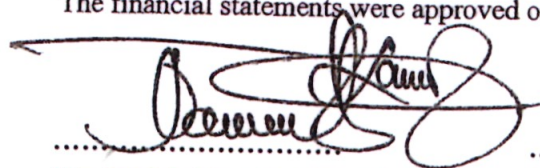
State Department for Youth Affairs and Creative Economy
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
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9. Statement of Changes in Net Assets

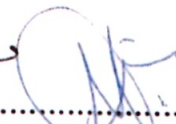
Description	Accumulated Surplus
	Kshs
As at 30th June 2024 (Cash Basis)	85,131
Adjustments: (to recognize assets and liabilities)	
PPE	-
Inventory	-
Prepayments-insurance	-
Trade and other payables-Pending bills	
As at 1st July 2024	85,131
Return to Exchequer	(85,131)
Surplus/(Deficit) for the period	259,467
As at June 2025	259,467

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

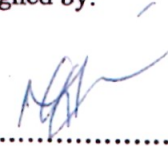
The financial statements were approved on 28/08/2025 and signed by:



Mr. Fikirini Jacobs Kato Kahindi
Principal Secretary



Dr. Franklin N. Mbae
Project Coordinator



CPA Caroline Muchena
Project Accountant
ICPAK Member
No:14674

State Department for Youth Affairs and Creative Economy
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
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10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	FY2024/2025
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		186,682,528
Miscellaneous Revenue		-
Total receipts		186,682,528
Payments		
Employee costs		-
Use of goods and services		(186,423,060)
Total payments		(186,423,060)
Net cash flow from operating activities	26	259,467
Cashflow from investing activities		
Acquisition of non-financial assets		-
Net cash flows from investing activities		-
Cash flow from financing activities		-
Return to Exchequer		(85,131)
Net cash flow from financing activities		(85,131)
Net increase/Decrease in cash and cash equivalents		174,336
Cash and cash equivalent at 1st July 2024	17	85,131
Cash and cash equivalent at end of Period 2025	17	259,467

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/e %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers	400,000,000	250,000,000	150,000,000	154,927,279	4,927,279	103%
Miscellaneous Revenue	100,000,000	-	100,000,000	31,755,248	68,244,752	32%
Total Revenue	500,000,000	250,000,000	250,000,000	186,682,528	63,317,472	75%
Payments						
Use of goods and services	100,000,000		100,000,000	31,495,781	68,504,219	31%
Depreciation and amortization expense			-		-	
Transfer to other Government Entities			-		-	
Other Transfers/Subsidies/Grants	400,000,000	250,000,000	150,000,000	154,927,279	4,927,279	103%
Certified Works			-		-	
Total Payments	500,000,000	250,000,000	250,000,000	186,423,060	63,576,940	75%
Surplus or Deficit	-	-	-	259,467	259,467	

Note: The significant budget utilization/performance differences are explained below: -

- i. The Over expenditure of 3% was caused by budget cuts effected during Supplementary III after payments had been made.
- ii. The Under expenditure of 68% was a result of delay in on boarding of youth for apprenticeship training.

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Budget Reconciliation

	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	259,467
Cash and cash equivalents at the start of the period	
Return to Exchequer	-
Decrease in Payables (Refundable Deposits)	-
Closing Cash and Cash Equivalent as per the statement of Cash flows	259,467

12. Notes to the Financial Statements

1. General Information

The financial statements are for Vijana Vuka na Afya (VIVA) Project under the State Department for Youth affairs and Creative Economy The financial statements are for the reporting for Vijana Vuka na Afya (VIVA) Project as required by Section 81/ Section 164 of the PFM Act, 2012.

2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on year 2025

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, 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: 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.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 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.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

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Standard	Effective date and impact:
	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. The standard also introduces a public sector specific measurement bases called the current operational value.

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

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

iii) *Early adoption of standards*

The Entity did not early adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

- a) Revenue recognition
 - i) Revenue from non-exchange transactions

Transfers from other government entities

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

- ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the National Treasury. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget accordingly. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be

Notes to the financial statements

replaced at intervals, the entity 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.

d) Leases

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

e) Intangible assets

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

f) Research and development costs

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

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

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

Notes to the financial statements

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.

The State Department is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to enhance positive health seeking behaviour among the youth.

g) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Notes to the financial statements

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 16*.

Financial liabilities

Classification

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

h) Inventories

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

Notes to the financial statements

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

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

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

Inventories (Continued)

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

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

Notes to the financial statements

k. Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The *State Department* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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

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

Notes to the financial statements

p) Service concession arrangements

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

q) Cash and cash equivalents

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

r) Subsequent events

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

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the financial statements

6. Revenue Transfers

Description	June 2025	Amount deferred under deferred income	Total transfers
	KShs		Period ended June 2025
Unconditional Transfers		Kshs	Kshs
GoK Counter Part funding	-	-	-
Transfers from Development partners:			
Grants received in cash	31,755,248	-	31,755,248
Grants received as direct payment	154,927,279	-	154,927,279
Other unconditional transfers (Specify)	-	-	-
Total Unconditional Transfers (a)	186,682,528	-	186,682,528

NB:

- i. Increase access to sexual reproductive health services
- ii. Enhance access to technical and vocational skills training

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (FY2024/2025)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
Development Partner 1	186,682,528	-	-	186,682,528
Development Partner 2	-	-	-	-
Subtotal	-	-	-	-
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	186,682,528	-	-	186,682,528

State Department for Youth Affairs and Creative Economy
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
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Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
<i>Others (specify)</i>	-
Total	-

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	-
Basic wages of temporary employees	-
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	-
Compulsory national social security schemes	-
Compulsory national health insurance schemes	-
Other specify*	-
Total	-

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Training payments	31,495,781
Other Transfers/Subsidies/ Grants	154,927,279
Total Use of Goods and Services	186,423,060

Notes to the financial statements

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total	=

11. Transfer to Other Government Entities

Description	FY 2024/25
*9	Kshs
Ministry	-
Project	-
Department	-
County	-
Total	-

12. Other Transfers/Subsidies/Grants

Description	FY 2024/25
	Kshs
Transfers to Non-Government Organizations	-
Subsidies	-
<i>Others Specify</i>	-
Total	-

13. Certified Works

Description	FY 2024/25
	Kshs
Road Works	-
Water Works	-
Energy Infrastructure	-
<i>Others Specify</i>	-
Total	-

Notes to the financial statements

14. Gain/Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain/loss on sale of assets	-

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/25
	Kshs
Gain on foreign exchange transactions	-
Loss on foreign exchange transactions	-
Total Gain/Loss	-

16. Impairment Loss

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<i>Others specify</i>	-
Total Impairment Loss	-

17. Cash and Cash Equivalents

Description	FY 2024/25	Opening statement 1st July 2024
	Kshs	Kshs
Cash in Bank	259,467	85,131
Cash on hand		-
Others (Specify)		
Total	259,467	85,131

Notes to the financial statements

Project Bank Accounts

Details	FY 2024/25	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No10006459946]	0	31,755,248
Total Foreign Currency balances	<u>0</u>	31,755,248
Local Currency Accounts		
Central Bank of Kenya [A/c No1000736763]	259,467.3	85,131
Total local currency balances	<u>259,467.3</u>	<u>0</u>
Total bank account balances	259,467	<u>31,840,379</u>

Notes to the financial statements

18. Receivables

Description	FY2024/25	1 st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
<i>Other Receivables (specify)</i>	-	-
Total Receivables	-	-

19. Inventories

Description	FY2024/25	1 st July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
<i>Others consumables (specify)</i>	-	-
Less: allowance for impairment	-	-
Total inventories	-	-

20. Prepayments

Description	FY2024/25	1 st July 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
<i>Others specify</i>	-	-
Total inventories	-	-

State Department for Youth Affairs and Creative Economy
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Notes to the financial statements

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	-	-	-	-	-	-
As At 1 July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-	-
As at 1 July 2025	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
As At 30 th June 2025	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-
As at 1 st July 2024	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-

Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	-
As at 1 st July 2024	-
Additions	-
As At 30 th June 2025	-
Amortization and impairment	-
As at 1 st July 2024	-
Amortization	-
Impairment loss	-
As At 30 th June 2025	-
NBV as at 1 st July 2024	-
NBV as at 30 th June 2025	-

23. Trade and Other Payables

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
Trade payables	-	-
Employee payables	-	-
Other payables (specify)	-	-
Total trade and other payables	-	-
	-	-

24. Third-Party Deposits

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
Contractor's Retention	-	-
Gratuity	-	-
Other deposits (specify)	-	-
Total deposits	-	-

Notes to the financial statements

25. Deferred Income

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
Development partner 1	-	-
Development partner 2	-	-
<i>Others specify</i>	-	-
Total Deferred Income	-	-

26. Cash Generated from Operations

Description	FY 2024/25
	Kshs
Surplus/Deficit for the period	259,467
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Decreases in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Decrease in prepayments	-
Net cash flow from operating activities	259,467

27. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

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Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
(i) A/C Name [A/c No. 10006459946]		
Opening balance	31,755,248	31,755,248
Total amount deposited in the account	-	0
Total amount withdrawn	(31,755,248)	31,755,248
Closing balance (as per SDA bank account reconciliation attached)	-	31,755,248
Closing balance (as per SDA bank account reconciliation attached)	-	<u>31,755,248</u>

(The Special Deposit Account reconciliation statement has been attached as Appendix III support these closing balance.

28. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the project.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Key management.

29. Events after the Reporting Period

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

30. Ultimate And Holding Entity

The Entity is a project under the Ministry of Youth Affairs, Creative Economy & Sports.

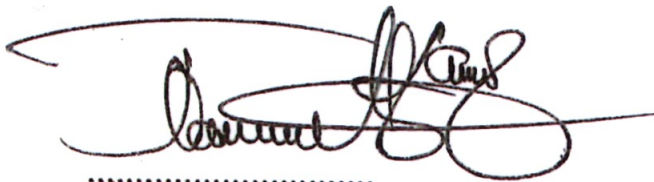
31. Currency

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

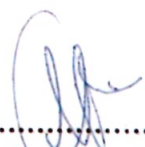
13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

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)
Paragraph 1822	Unresolved prior year matters	PAC recommendations implemented	Resolved	
Paragraph 1823	Budgetary Control Performance	The under-absorption was caused by delay in submission of invoices and supportive evidences by the Consultant	Not Resolved	Awaiting meeting with PAC and recommendation of the Committee for implementation



.....
Mr. Fikirini Jacobs Katoi Kahindi
 Principal Secretary



.....
Dr. Frankline Njue Mbae
 Project Coordinator

State Department for Youth Affairs and Creative Economy
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
 Annual Report and Financial Statements for the financial year ended June 30, 2025

Annex 2: Reconciliation of inter-entity transfers

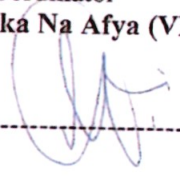
Project Name:			
Break down of transfers from the State Department for Youth Affairs and Creative Economy			
a. Government Counterpart funding			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
	Total	-	
B. Revenue			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
KfW	Q1	-	FY 2024/2025
KfW	Q2	52,446,399.85	FY 2024/2025
KfW	Q3	63,854,008.60	FY 2024/2025
KfW	Q4	70,382,119.10	FY 2024/2025
	Total	186,682,527.55	
C. Expenses			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Q1	-	FY 2024/2025
	Q2	58,574,834.85	FY 2024/2025
	Q3	68,143,371.90	FY 2024/2025
	Q4	59,704,853.50	FY 2024/2025
	Total	186,423,060.25	
D. Surplus (B-C)		259,467.30	FY 2024/2025

State Department for Youth Affairs and Creative Economy
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2025

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

Project Coordinator
Vijan Vuka Na Afya (VIVA) Project

Sign -----



Head of Accounting Unit
State Department for Youth Affairs & Creative Economy

Sign-----



SPECIAL ACCOUNT STATEMENT

For period ending **30th JUNE, 2025**
 Account No. **1000645946**
 Depository Bank **CENTRAL BANK OF KENYA.**
 Address **CENTRAL BANK OF KENYA.**
 Related Loan **KFW: VIVA YOUTH PROGRAMME**
 Credit Agreement
 Currency **EUR**

Part A - Account Activity

Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	220,000.00
Add:	
Total Amount deposited by ^{KFW} World Bank	0.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	220,000.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2025	0.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: _____

[Signature]

DATE

14/07/2025

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

[Signature]

DATE

05-08-2025

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