

REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 11 FEB 2026

DAY.

WEDNESDAY

TABLED BY:	LEADER OF MAJORITY PARTY (HON. KIMANI ICHUNGWAH)
OFFICE-TABLE:	J. LEMERELLE

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL YOUTH SERVICE -  
MECHANICAL AND TRANSPORT FUND**

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



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**NATIONAL YOUTH SERVICE-MECHANICAL AND TRANSPORT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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

**National Youth Service-Mechanical and Transport Fund  
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

AG	- Attorney General
Ag.	- Acting
AIE	- Authority to Incur Expenditure
Att.	- Attendance
B/F	- Balance brought forward
BSc	- Bachelor of Science
Cap	- Chapter
CDF	- Chief of Defence Forces
CEO	- Chief Executive Officer
CG	-Commandant General
CO	- Commanding Officer
Co. Ltd	- Company Limited
CoG	- Council of Governors
CYPAN	- Commonwealth Youth Peace Ambassador
DDG	- Deputy Director-General
DG	- Director-General
DPP	- Development Policy and Practice
DRC	- Democratic Republic of Congo
EBS	- Elder of the Burning Spear
FCCA	- Fellow of the Association of Chartered Certified Accountants in UK
FY	- Financial Year
GD&E	- Gender Development and Education
Gen	- General
GOEs	- State-owned Enterprises
GSU	- General Service Unit
HQs	- Headquarters
ICPAK	- Institute of Certified Public accountants of Kenya
ICT	- Information, Communication and Technology
IIA	- Institute of Internal Auditors

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IPSAS	- International Public Sector Accounting Standards
JKIA	- Jomo Kenyatta International Airport
CAA	- Kenya Airports Authority
KENHA	- Kenya Highways Authority
KeRRA	- Kenya Rural Roads Authority
KES	- Kenya Shillings
KIBT	- Kenya Institute of Business Training
KICC	- Kenyatta International Convention Centre
KISM	- Kenya Institute of Supply Management
KNEC	- Kenya National Examination Council
KRA	- Kenya Revenue Authority
Kshs	- Kenya Shillings
LLB	- Bachelor of Law
Lt	- Lieutenant
MA	- Masters of Arts
MBA	- Masters of Business Administration
MBS	- Member of the Burning Spear
MIS	- Management Information Systems
Mngt	- Management
MTB	- Mechanical and Transport Branch
MTF	- Mechanical and Transport Fund
NDC	- National Defence College
NMS	- Nairobi metropolitan Services
NYS	- National Youth Service
P/S	- Public Service
PFM	- Public Finance Management
PhD	- Doctor of Philosophy
PLC	- Public Limited Company
PMT&NS	- Paramilitary Training and National Service
PP&M	- Public Policy and Management
PS	- Principal Secretary
PwC	- PricewaterhouseCoopers
Rtd	- Retired

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SCMS	- Supply Chain Management Services
Sec	- Secretary
TNT	- The National Treasury
UAE	- United Arab Emirates
UK	- United Kingdom
UoN	- University of Nairobi
USAID	- United States Agency for International Development
USD	- The United States Dollar
USIU	- United States International University-Africa
VAT	- Value Added Tax
YEP	- Youth Empowerment Programme

**B: Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

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

The National Youth Service, Mechanical and Transport Fund (MTF) was established in August, 1965 to maintain transport vehicles, equipment and machinery for efficient movement of service personnel, goods and services at NYS. Later, a Transport Funding Scheme was started within MTB in the year 1971 with support/a grant of 3.5 million USD worth of equipment from the United States Agency for International Development (USAID) through Kenya Government. with a vision of sustainably equipping of the Service beyond the donor funding, NYS transport funding scheme was established under the Government Financial Management Act (No. 5 of 2004) (NYS- Mechanical and Transport Fund) Regulations in the year 2011.

MTF's strategic objectives are:

- i. To provide transport facilities to National Youth Service Units while undertaking their Programmes.
- ii. To provide transport facilities for undertaking national projects and hire to other users for generation of revenue to the fund for purposes of maintenance and renewal of vehicles, machinery and equipment.
- iii. To strengthen institutional capacity through training of youth and staff and establishing of critical structures that ensure effective service delivery.

### **(b) Principal Activities**

The key activities of the NYS Mechanical and Transport Fund include:

- i. Provision of transport services, plant, machineries and equipment to the National Youth Service to facilitate effective operations in agricultural farms, internal infrastructure development works, supervision of general operations, general transport, and transport of staff and Servicemen and women while on national service programmes.
- ii. The Fund also hires transport, plant, machineries and equipment to other Government Agencies and the general public at Government rates in order to generate revenue for Fund maintenance and renewal of vehicles, machinery and equipment.

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- iii. Under the new mandate of the Service (Section 7 1 (d) of the NYS Act, 2018), MTF undertakes construction works as commercial projects to support additional revenue generation for the Service.
- iv. Provision of training services for NYS service men and women and other Agencies at the NYS Driving and Plant Operator Schools.
- v. Provision of disaster response services to the Service and the general public

**(c) Key Management**

While the Minister for the parent Ministry authorizes expenditure on the Fund, the day-to-day management and control of MTF is under the direction of the officer administering the Fund i.e. the Accounting Officer of the Service.

The officer administering the Fund appoints a committee to advice on general management and operations of the fund.

During the current reporting period, the Fund Management Committee comprised of the following Officers:

No.	Designation	Name
1.	The Deputy Commandant General, PMT & NS	Mr. Jamlick M. Chabari
2.	Assistant Commandant General/Officer In-Charge, MTF	Mr. Andrew E. Ekuss
3.	Director Finance and Accounts	Mr. Francis Ngigi Ndegwa
4.	Director, Commercial Enterprises and Marketing	Mr. Julius K. Thurania
5.	Director, Supply Chain Management Services	Dr. James Kamau Kairu
6.	Head of Accounting Unit	Mr. Elias Kimani Macharia
7.	Accountant MTF	Mr. George Otieno Odhare
8.	Supply Chain Officer MTF	Mr. David Ngandu Karanja
9.	Officer in Charge of Workshop, MTF	Mr. Silas Katwa

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Fund Administer (CEO/CG, NYS)	Mr. James K. Tembur, MBS
2.	Deputy Commandant General, PMT & NS	Mr. Jamlick M. Chabari
3.	Assistant Commandant General/Officer in Charge	Mr. Andrew E. Ekuss
4.	Director Finance and Accounts	Mr. Francis Ngigi Ndegwa
5.	Director SCMS	Dr. James K. Kairu
6.	Head of Accounts Unit	Mr. Elias Kimani Macharia
7.	Accountant in-charge, MTB	Mr. George Odhare
8.	Head, SCM-MTB	Mr. David Karanja
9.	Workshop in-Charge, MTB	Mr. Silas Katwa

**(e) Fiduciary Oversight Arrangements**

The National Youth Service Council provides the overall internal oversight over the Fund, assisted by the following Committees:

- i. The Council Committee on Finance and Enterprise Development;
- ii. The Council Committee on Audit and Risk Management; and
- iii. The Fund Management Committee.

The Cabinet Secretary for the Ministry of Public Service, Gender and Affirmative Action, the relevant Parliamentary Committees and the Auditor General oversight of the Fund externally.

**(f) Entity Headquarters**

Mechanical and Transport Fund  
P.O. Box 59432-00200  
Nairobi  
Off Thika Road Super Highway  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone: (+254) 8560319

E-mail: [nysmtbhire@gmail.com](mailto:nysmtbhire@gmail.com)

**(h) Entity Bankers**

Bank: Kenya Commercial Bank

Branch: Moi Avenue

Account Name: NYS Mechanical Fund

Account No: 1128674548

Account Type: Current

**(i) Independent Auditor**

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

**3. The Board of Directors/Council**

Section 9 of the NYS Act, 2018 establishes the Council of the National Youth Service. The following Board of Directors were members of the NYS Council during the financial period ended 30th June 2025


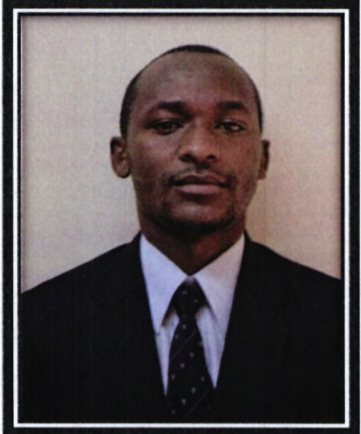
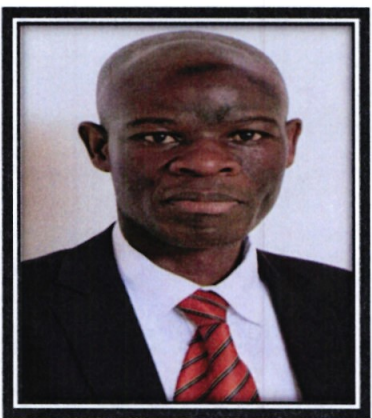
S/No	Photograph/Name/Designation	Profile
1.	 <p data-bbox="352 875 751 994">Lt Gen (Rtd) Adan K. Mulata, MGH, CBS, OGW, ndc (K), psc(UK) <b>CHAIRMAN, NYS COUNCIL</b> [From 23<sup>rd</sup> May, 2025]</p>	<p data-bbox="804 461 1497 792">Lt Gen (Rtd) Adan K. Mulata is a distinguished Kenyan military leader with over three decades of exemplary service in the Kenya Defence Forces (KDF). Known for his strategic acumen, operational leadership and commitment to national security, he rose through the ranks to serve as the Vice Chief of Defence Forces (VCDF) before retiring from active duty.</p> <p data-bbox="804 853 1497 1128">He holds three (3) Masters Degrees in International Studies, Social Transformation and Peace Studies, in addition to specialized professional courses including Strategic Intelligence Course, Strategic Counter-Terrorism and Crisis Management Seminar and Advance Staff Course achieved from local and International Institutions.</p> <p data-bbox="804 1189 1497 1464">Throughout his career, he contributed significantly to defence operations, modernization of the armed forces, and regional peace initiatives. He also serviced in other key capacities, including: Commandant of the National Defence College (NDC) and Commandant of the Kenya Navy.</p> <p data-bbox="804 1525 1497 1861">Mr. Mulata is the Founder and Executive Chairman of Prospect Peace Initiative – Africa. He played key roles in establishing the International Peace Support Training Centre, the Humanitarian Peace Support School (HPSS), and providing capacity-building for peacekeeper. As a scholar, he has publications on governance, peacekeeping and conflict resolution.</p>

<p>2.</p>	 <p>Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) <b>CHAIRMAN, NYS COUNCIL</b></p>	<p>An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World (Distinction) from The King’s College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National Defence University, Beijing and a Certificate in Scriptualizing from Harvard University Divinity School. He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.</p>
<p>3.</p>	 <p>Ms. Christine Achieng Odera <b>INDEPENDENT MEMBER</b></p>	<p>Ms. Odera has a master’s in development policy and practice from the Geneva Graduate Institute and a Bachelors in International Relation (peace and Conflict studies) from USIU. She has close to a decade experience in development work especially in Youth mainstreaming, focusing in developing and advocating for policies, programs, and tools for government and civil society. She works to strengthen the capacity of youth and women organizations to advance local, national, regional, and global peacebuilding strategies. She has served in the Commonwealth coordinating Youth Peace and Security strategies.</p>

<p>4.</p>	 <p>Ms. Caroline W. Kinyanjui <b>INDEPENDENT MEMBER</b></p>	<p>Ms. Kinyanjui is a dynamic professional renowned for her expertise in marketing and investment banking. Armed with an MBA in Business Administration from the University of Wales, complemented by a Bachelor's Degree in Communication Arts and Public Relations, along with a Diploma in Communication Arts from Daystar University, she possesses a robust educational foundation. Additionally, being a CIM-Chartered Marketer adds to her credibility in the marketing domain. With a multifaceted skill set, Caroline is not only an accomplished marketing expert but also a seasoned investment banker. Her career spans diverse sectors, reflecting her versatile talents and strategic acumen. Beyond her corporate endeavours, Caroline is a budding entrepreneur with a keen interest in healthcare, real estate, and retail sectors, showcasing her entrepreneurial spirit and business acumen.</p>
<p>5.</p>	 <p>Mrs. Mumbi Runji <b>INDEPENDENT MEMBER</b></p>	<p>Mrs. Runji holds a Masters in Entrepreneurship from the Catholic University of Eastern Africa (CUEA). She has worked in the Banking Industry since 2007, and currently at the State Bank of Mauritius (SBM) Kenya.</p> <p>She is a strategic business accelerator with a dynamic career in understanding and facilitating access to finance for SMEs and SACCOs with a track record of leading by example, cultivating a productive culture, and collaboratively setting and evaluating performance indicators.</p>

<p>6.</p>	 <p>Yussuf Abdi Gedi <b>INDEPENDENT MEMBER</b></p>	<p>Mr. Yusuf holds a Master’s Degree in Development Studies and a Diploma in Earth Science (Ground Water). He is, therefore, an expert community development practitioner with over 30 years’ experience in water management and sanitation, livelihood and community driven programmes in pastoral communities in Kenya and Somalia, at both national and regional levels. Mr. Yussuf served as County Executive Committee Member for Water from 2013 to 2015 and Agriculture, Livestock and Fisheries from 2015 to 2019 and 2021 to 2022.</p>
<p>7.</p>	 <p>Mr. Stephen Wambua Kakulu <b>ALT. MEMBER, PS, PUBLIC SERVICE</b></p>	<p>Mr. Kakulu holds a Master of Arts in Project Planning and Management, a Bachelor of Education (Arts) and a Diploma in Human Resource Management. He is a multi – skilled techno-leader with 24 years of experience in Public Service with practical skills in public policy development &amp; implementation, human resource management and development, cabinet memoranda development, corporate governance and project planning &amp; management. Mr. Kakulu has served in various MDAs including the Ministry of Public Service &amp; Human Capital Development as Director, HRM&amp;D in the SDPS (current), Ministry of Education and the Teachers Service Commission. He is a full member of the Institute of Human Research Management (IHRM) and a Technical Standing Committee Member of the Tokyo International Conference on African Development (TICAD)</p>

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8.	 <p>Brig. Paul K. Koech, OGW, ndc, PSC (K) <b>ALTERNATE MEMBER, CDF</b></p>	<p>Brig. Koech holds a Master’s Degree in International Studies, a BSc in Military Studies and a Diploma in Strategic Studies. He has a public service career as a military officer for over 35 years. He is currently the Chief of Training for the Kenya Defence Forces (KDF)</p>
9.	 <p>Mr. Daniel G. Wambugu <b>ALT. MEMBER, AG</b></p>	<p>Mr. Wambugu holds a Bachelor of Laws and two Diplomas: Advocate Training Programme and a Commercial Pilot License (CPL)/ Private Pilot License (PPL) under License No. YK- 9259- CL. He has a public service experience of over 10 years, where he has served in various MDAs, including the Office of the Attorney General - Department of Justice-Government Transactions (Current), Kenya School of Flying as a Flight Ground Instructor, NACADA, Public Procurement and Oversight Authority and the Music Copyright Society of Kenya.</p>
10.	 <p>Mr. Michael Jasper Obonyo <b>ALTERNATE MEMBER, PS, NT</b></p>	<p>Mr. Obonyo holds a Masters of Arts in Communication studies (UoN, 2011) and brings on board a wealth of professional experience in public communications spanning over 27 years. He is currently the Head, Public Communications at the Pensions Department, National Treasury.</p>

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11.	 <p>Mr. Boru Abdi Hassan <b>ALT. MEMBER, PS, YOUTH</b></p>	<p>Mr. Boru hold a Master in Research, Monitoring and Evaluation with an experience of over 20 years in public service. He is currently Director, Research, Planning, Monitoring and Evaluation in the State Department for Youth Affairs.</p>
12.	 <p>Ms. Ann Ng'etich <b>ALT. MEMBER, PS, INTERIOR</b></p>	<p>Ms. Ng'etich holds a Bachelor of Arts in Government and Linguistics and a post-graduate Diploma in International Relations with an experience of over 30 years in public administration. She is currently the Principal Administrative Secretary (PAS) in the Ministry of Interior and National Administration.</p>
13.	 <p>Mr. James Kipsiele Tembur, MBS <b>CG/CEO/SECRETARY</b></p>	<p>Mr. Tembur holds a BSc. in Agriculture and a MSc. in Entrepreneurship with a public service experience of over 30 years, having joined the National Youth Service in 1991 as a Training Officer Cadet. Before his appointment to the position of Commandant General/CEO in acting capacity in April, 2023 Mr. Tembur held the post of Deputy Director-General (Now Deputy Commandant General), Corporate Services for close to four (4) year. Mr. Tembur is credited for having headed teams that undertook notable assignments, including: the fabrication and installation of clinics in informal settlements under the Youth Empowerment Programme (YEP);</p>

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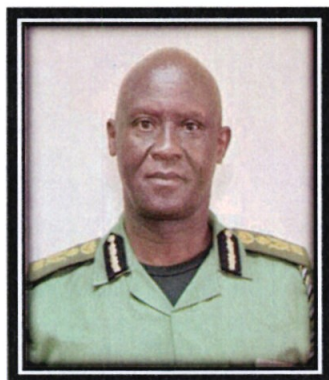
		rehabilitation of dykes to control floods in Budalangi and the formulation of the inaugural NYS Strategic Plan (2019- 2024).
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#### **4. Key Management Team**

The following Officers were in charge of critical functions of the National Youth Service-Mechanical and Transport Fund during the financial period ended 30<sup>th</sup> June 2025



**James K. Tembur, EBS**  
Commandant General/CEO  
*MSc. (Entrepreneurship)*



**Jamlick M. Chabari**  
DCG, PMT, NS & VT  
Bachelor in Psychology



**Nicholas J. Makokha, HSC**  
DCG, Operations & Logistics  
BA (Criminology)



**CPA, F. N. Ndegwa**  
Director, Fin. & Acc.  
MBA (Finance & Accounts)



**CPA, Maggy N. Munyasya**  
Director, Internal Audit MSc  
(G&SB, IIA)



**Jacklyn J. Makanda**  
Director, Strategy & Planning  
MA (GD&E, PP&M)



**Dr. James K. Kairu**  
Director, SCMS  
PhD (Strategic Mngt.),  
KISM



**Peter Maina King'ori**  
Director, Vocational  
Training MSc. MIS



**CPA, Elias Kimani Mcharia**  
Head of Accounts  
MBA (Finance)



**Julius K. Thurairra**  
Head, Farms  
MSc. (Agronomy)



**Abdulkadir J. Waqo**  
Director, ICT  
MBA, MSc (MIS)



**Rose Chenani**  
Chief of Personnel, IHRM No. 15  
Masters in National Security



**Andrew E. Ekuss**  
CO NYS MTF

## **5. Chairman's Statement**

On behalf of the NYS fraternity, I wish to most sincere thank His Excellency, the President for his unwavering support and guidance aimed at ensuring the National Youth Service executes its mandate effectively and is financially sustainable. During the period under review, the President spearheaded the NYS Re-engineering agenda, securing the services of the University of Nairobi Enterprises and Services (UNES) PLC who assisted the Service in developing Eight (8) Business Plans to guide investment in following commercial ventures: agricultural production, Agri-value addition, construction services, engineering and mechanization, development enterprise, hospitality services, security services and textile and garment making. The business plans are aimed at:

- a) Increasing production and productivity of NYS farms;
- b) Reduce the cost of production;
- c) Increase value addition; and
- d) Increase the revenue of the National Youth Service.

Consequently, the National Youth Service will phase up the implementation of these business plan with investments in the security, agricultural production as well as engineering and mechanization being prioritized in phase I (short term) and the rest to be executed in phases II and III (medium and long term). In turn, the return on these investments will support the implementation of the President's Directive to enlist 100,000 youth into NYS by FY 2027/2028. The engineering and mechanization business plan is specific to the revitalization of the NYS Mechanical Transport Fund once the NYS Enterprises and Services PLC is incorporated, a process which commenced during the current reporting period.

During the reporting period, the Council noted with concern the ageing plant, machinery and equipment at the Mechanical and Transport Branch after completing their productive life. The report of valuation of NYS assets, including assets at the Fund commissioned in 2019 is expected to advise the transition of these assets and guide on those that are obsolete and disposable. Depreciation of all these assets is on straight line basis leads to negative financial performance of the Fund. Going forward, only plant, machinery and equipment that is useful will be depreciated once the valuation report is finalized and submitted by the service provider to the Service, and the assets register updated accordingly.

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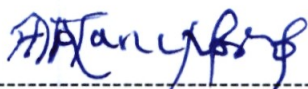
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It is also worth mentioning that the Legal Notice that established the Fund expired and the process of review of the same was commenced in FY 2020/2021. The review aims to restructure the MTF in a manner that enhances the Fund's support to all commercial and enterprise activities of the National Youth Service. As part of the restructuring, the management of transport services for NYS may be separated from other MTF activities to allow specialization, division of labour and higher efficiency.

I am, therefore, pleased to present the NYS (MTF) Annual Report and Financial Statements for the year ended 30th June, 2025 which reflects a fair performance of the facility as per its mandate and financially.

As per the Act that established the Fund, all accrued, earned and surplus funds shall be retained and used on furthering the mandate of the Fund.

Finally, I am grateful to the Government for the continued support to the NYS, Mechanical and Transport Fund. Going forward, therefore, I am confident that the Fund has the potential to discharge its mandate more effectively.



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Lt Gen (Rtd) Adan K. Mulata

**CHAIRMAN, NYS COUNCIL**

## **6. Report of the Chief Executive Officer**

I am pleased to present the NYS, Mechanical and Transport Fund's Annual Report and Financial Statement for the year ended 30th June 2025.

During the year under review, MTF realized Ksh 283,910,597.00 in revenue against a target of Ksh 546M and incurred Kshs 71,134,993.00 debt from external customers. From the debt of Kshs 649,239,235.00 carried forward from previous reporting period (most of the which stretches far back to FY 2019/2020) a total of Ksh 29,339,561.00 was recovered, posting a balance of Kshs 619,899,674.00 as at 30th June, 2025.

The improvement is credited to effective deployment of the credit policy of the Service which was approved by the Council in January, 2021 as well as an active Debt Collection Office that was established towards the end of the previous reporting period. It is my hope that more efforts will be made to ensure debt is effectively managed and any outstanding amount owed to the Service fully recovered within the next two (2) financial years.

During the reported period FY 2024/2025 the fund had Kshs 97,263,328.00 as pending bill. In order to ensure accuracy in reporting, the Service successfully completed valuation of its assets - plant, machinery, vehicles, land, buildings and biological assets in the previous reporting period. The final reports are being prepared by the agencies responsible but the preliminary results were factored in the current Financial Statements. The valuation report, once finalized, will inform a fair depreciation of assets and net book values for non-current assets and trigger updating of the assets register and the disposal of idle and unserviceable assets.

The review of the MTF structures and operations commenced in the last Quarter of the FY 2022/2023 with an aim of transforming the Fund into a well-organized and productive commercial entity for the Service. The restructuring, focused on legal and policy reviews, strengthening of management, administrative and operational structures and undertaking business process re-engineering among other issues.

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To strengthen its operations and capacity to deliver on its mandate, all reported cases of MTF vehicles, plant and machinery breakdowns and servicing were undertaken successfully represented by 216 cases of small vehicles and 149 cases of plant and machinery.

During the period, new engagements that proved to be non-cost effective were not undertaken, hence the highly reduced projects being undertaken and streamlined critical processes such as documentation, payments to creditors and strict follow up on claims from the clients.

The Service, therefore, remain hopeful that the changes initiated at the Fund will greatly improve the performance of the Fund in the shortest time possible

The execution of a number of policies and reforms at MTF during the financial year led to termination of a number of non-responsive engagements, especially those that were seen not to comply with credit requirements. This was fully supported with a debt collection team which ensured that external customers with a debt paid or showed a commitment to pay before continuation of service provision. The team also posted good collections, boosting the cash flows of the Fund and ensuring provision of critical services as per Fund's mandate

Finally, I wish to reaffirm that the MTF remains steadfast in building a strong culture of unity of purpose and commitment to the mission and ideals of an effective and efficient public service body through numerous management and leadership capacity building initiatives for its members.



-----  
James K. Tembur, MBS

**Commandant General/ Chief Executive Officer**

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**7. Statement of Performance against Predetermined Objectives for FY 2024/2025**

The NYS (MTF) undertook the following programmes during the FY 2024/2025 derived from its mandate and strategic objectives:

1. Provision of transport services to the National Youth Service;
2. Hire of transport services, machinery and equipment to other users for generation of revenue; and
3. Strengthening institutional capacity through training and building of dependable structures.

The table below gives a summary of achievements against the predetermined targets:

Strategic Result Area	Objective	Key Activities	Key Performance Indicators	Target (FY 2024/2025)	Achievements	Remarks
1. Operational preparedness	To support the general operations of the HQs and Field Units of the Service	a) Maintenance and fuelling of Service vehicles, plant and machinery.	No. of breakdowns repaired or serviced.	100% of reported cases serviced.	216 cases of small vehicles and 149 cases of plant and machinery reported and serviced	Target achieved
		b) Acquisition of new motor vehicles	No. of vehicles, plant and machines acquired	<ul style="list-style-type: none"> <li>• 2 Ambulances</li> <li>• 1 Omnibuses</li> <li>• 1 low bed trailer</li> <li>4 Isuzu trucks</li> </ul>		Target not achieved due to lack of funds.
2. Hire of transport services, machinery and equipment to other users.	To generate revenue for sustainability of the Mechanical Transport Fund.	a) Undertaking of constructions works	Amount of revenue generated (Kshs, M)	66,890,934.00	12,833,406.00	Underachieved by Kshs 54,057,528 (81%)

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Strategic Result Area	Objective	Key Activities	Key Performance Indicators	Target (FY 2024/2025)	Achievements	Remarks
3.		b) Hire of plant and machinery	Amount of revenue generated (Kshs, M)	214	258,706,225.00	Overachieved by Kshs.44,706,225.00 (21%)
		c) Provision of borehole drilling services	Amount of revenue generated (Kshs, M)	10	808,453	Underachieved by Kshs 9,191,547 (91%)
		d) Hire of buses	Amount of revenue generated (Kshs, M)	100	11,342,924	Underachieved by Kshs 88,657,076 (88%)
		e) Other Incomes (Trainings and servicing of vehicles for external customers)	Amount of revenue generated (Kshs, M)	20	219,590	Underachieved by Kshs 19,780,410.00 (98%)
		f) Income from non-exchange transactions (AIE)	Amount of revenue generated (Kshs, M)	150	0	The AIE is currently being expensed directly from the HQs.
<b>Total Amount (Kshs)</b>				<b>560</b>	<b>283,910,598</b>	

## **8. Corporate Governance Statement**

The NYS Council and its committee are established under sections 9 and 11 of the NYS Act, 2018 respectively. The Council is responsible for policy formulation, strategic oversight and supervision of the Service and is accountable to stakeholders thus ensuring that NYS complies with the law and the highest standards of best practice on corporate governance and quality of service delivery.

The NYS Council Charter (the “Charter”) developed and adopted in May 2019 defines the Council’s roles and responsibilities as well as functions and structures in a way that support the members in carrying out their strategic oversight function. Guided by the NYS Board Charter, Council Almanac and Work Plan, the performance of the NYS Council and its organs or committees during the period under review is summarized as follows:

1. The Council held 5 meetings to transact her normal business (as per the FY 2024/25 Full Council Almanac and AWP) and 3 special meetings which were attended by members as follows:

<b>Name</b>	<b>Position</b>	<b>Date of Appointment</b>	<b>Attendance of Meetings (%)</b>
Lt Gen (Rtd) Adan K. Mulata	Chairman	23/05/2025	100
Lt Gen (Rtd) Njuki Mwaniki	Chairman	13/05/2022	100
Miss Christine A. Odera	Indep. Member	07/02/2022	100
Mr. Richard K. Wambua	Indep. Member	07/02/2022	100
Mrs. Caroline Kinyanjui	Indep. Member	07/05/2024	100
Mr. Yussuf Abdi Gedi	Indep. Member	22/11/2024	100
Mrs. Mumbi Runji	Indep. Member	22/11/2024	100
Mr. Stephen W. Kakulu	Alt. for PS, Public Service	07/03/2024	80
Mrs. Anne M. Ng’etich	Alt. for PS, Interior	05/09/2023	80
Mr. Hassan Boru	Alt. for PS, Youth	20/03/2024	60
Mr. Daniel G. Wambugu	Alt. for Attorney General	04/10/2023	100
Mr. Michael J. Obonyo	Alt. for PS, National Treasury	10/03/2022	60
Brig. Bernard K. Korir	Alt. for CDF	28/09/2021	100
Brig. Paul K. Koech	Alt. for CDF	30/10/2024	25

2. The Board also undertook a Performance Self-Evaluation, facilitated by officers of the State Corporations Advisory Committee (SCAC) on 18<sup>th</sup> September, 2024.
3. Additionally, the Council undertook a visit of NYS Field Units which are spread across the Country to familiarization themselves with the institutions they are overseeing as well as assess the needs of each for advised policy direction and guidance.

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4. New Members of the Council undertook governance induction trainings to on-board and all Council Members were offered capacity building opportunities to upscale their competencies during the reporting period.
5. The Council Committees held varying number of meetings to transact normal as well special businesses as per the terms of reference for each committee (revised on 30<sup>th</sup> March, 2022), the FY 2024/25 Almanac and Annual Work Plan for each Committee as follows:

<b>Name</b>	<b>Position</b>	<b>Attendance of Meetings (%)</b>
<b>A. Audit &amp; Risk Management Committee (4 meetings held)</b>		
Mr. Yussuf Abdi Gedi	Chairperson	100
Mr. Michael J. Obonyo	Chairperson/Member	100
Mrs. Ann M. Ng'etich	Member	100
Brig. Bernard K. Korir	Member	100
Brig. Paul K. Koech	Member	100
Mr. Richard K. Wambua	Member	100
Mrs. Mumbi Runji	Member	100
<b>B. Finance &amp; Enterprise Development Committee (6 meetings held)</b>		
Mrs. Caroline Kinyanjui	Chairperson	100
Miss Christine A. Odera	Member	83
Mr. Hassan Boru	Member	100
Mr. Michael J. Obonyo	Member	100
Mr. Stephen W. Kakulu	Member	100
<b>C. Human Resource &amp; Administration (6 meetings held)</b>		
Miss Christine A. Odera	Chairperson	100
Mr. Stephen W. Kakulu	Member	83
Mr. Daniel G. Wambugu	Member	100
Brig. Paul K. Koech	Member	100
<b>D. Operations, Training &amp; Programmes Committee (4 meetings held)</b>		
Mrs. Mumbi Runji	Chairperson	100
Mr. Richard K. Wambua	Chairperson	100
Mr. Daniel G. Wambugu	Member	100
Brig. Paul K. Koech	Member	100
Mr. Hassan Boru	Member	80
Mrs. Caroline Kinyanjui	Member	100

6. The Council, through its committees reviewed/developed the following policy instruments
  - a. Finalized HR Instruments and submitted for approved,
  - b. Drafted the NYS Amendment Bill and submitted for approval,
  - c. Developed and submitted Memorandum and Articles of Association for NYS Enterprises and Service Limited for approval,

- d. Reviewed Draft Policy on Part-time Teaching staff engagement and submitted for approval,
  - e. Developed Draft NYS Workplace Sexual and Gender Based Violence Policy
7. The Council delegated her authority to the CEO to conduct the day-to-day business of the Service. The Council, nonetheless, retained the responsibility for establishing and ensuring effective and efficient overall policy direction, internal controls, operational and compliance issues, as well as implementing the strategies for the success of the Service.
  8. The register for conflict of interest was kept in all meetings of the Full Council and Committees as required by the NYS Council Charter (2019) and none of the members present in the meetings registered an interest in the agenda of the meetings.
  9. The Board Members of the NYS Council were remunerated in accordance with the Guidelines on Terms and Conditions of Service for CEOs, Chairmen, Board Members, Management and Staff (November, 2004).

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**9. Management Discussion and Analysis**

The general operational and financial performance of the NYS Mechanical and Transport Fund has been fair. The table below summarizes the financial performance as at the end of the FY2024/2025 and the financial position for the financial year then ended as compared to the previous FY 2023/2024.

Financial Performance	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs. '000	Kshs. '000	%
Total Revenues	283,911.00	281,175.00	2,736.00	1%
Total Expenses	(1,077,711.00)	(474,082.00)	(603,629.00)	56%
<b>Surplus/(Deficit)</b>	<b>(793,800.00)</b>	<b>(192,907.00)</b>	<b>(600,893.00)</b>	<b>76%</b>

Financial Position	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Non-Current Assets	4,102,664.00	3,231,203.00	871,461	27%
Current Assets	848,282.00	2,207,057.00	(1,358,775)	-62%
<b>Total Assets</b>	<b>4,950,946.00</b>	<b>5,438,260.00</b>	<b>(487,314)</b>	<b>-9%</b>
Current Liabilities	105,843.00	8,579.00	97,264	92%
<b>Total Liabilities</b>	<b>105,843.00</b>	<b>8,579.00</b>	<b>97,264</b>	<b>92%</b>
<b>Net Assets</b>	<b>4,845,103.00</b>	<b>5,429,681.00</b>	<b>(584,578)</b>	<b>-12%</b>

**Revenue**

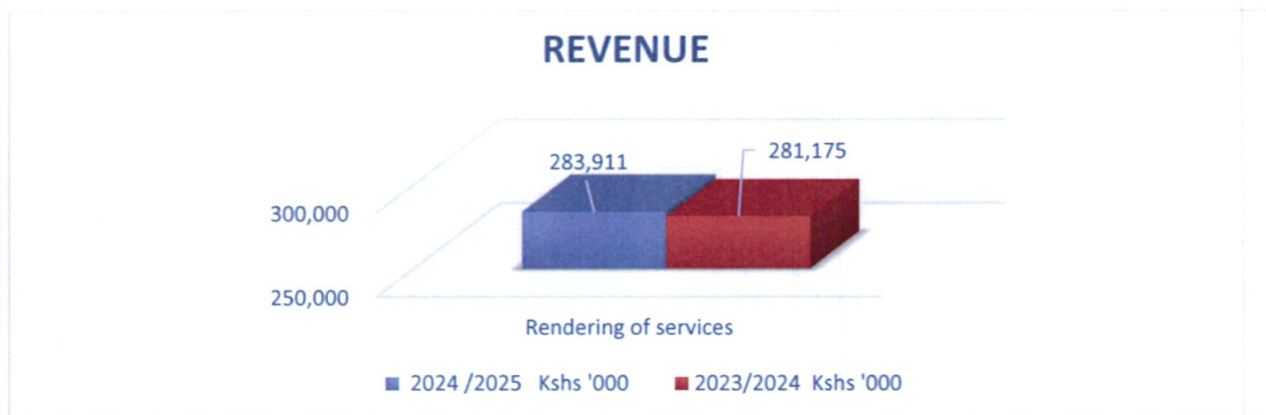
The breakdown of the total revenue reported by NYS - MTF during the FY 2024/2025 is as follows:

REVENUE	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Rendering of services	283,911	281,175	2,736	1%
<b>Total Revenues</b>	<b>283,911</b>	<b>281,175</b>	<b>2,736</b>	<b>1%</b>

The total revenue for the FY 2024/2025 increased by Kshs 2.736 million representing a 1% increase compared to the previous reporting period. This is mainly from new engagements such as Climate WorXs programme which posted an income of 102 million, Makeni County Road Development posting an income of 16 million and Kenya Airports Authority works posting 12 million. The restructuring of MTB creating separate bases of expenditure, i.e., the Unit account is currently receiving an AIE to support operations of the MTB Field Unit while the MTF activities are charged on the revolving Fund. Hence, the reported revenue excludes the AIE which used to be reported as income from non-transaction activities.

**Management Discussion and Analysis (Continued)**

The chart below summarizes the revenue for the current FY compared to the PY:

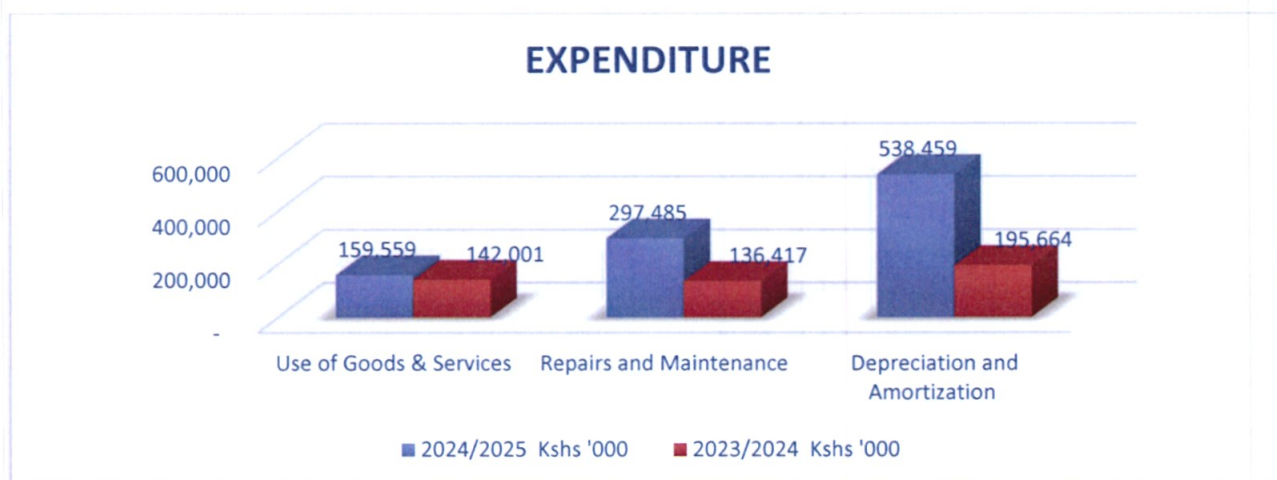


**Expenditure**

Total Expenditure for the FY 2024/2025 increased by 18% to Kshs. 995 million compared to 474 million in the FY 2023/2024. The increase is mainly attributed to increased engagements during the year under review. Below is a summary of the NYS- MTF expenditures as compared to the previous FY.

EXPENDITURE	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Use of Goods & Services	159,559.00	142,001.00	17,558.00	11%
Repairs and Maintenance	297,485.00	136,417.00	161,068.00	54%
Depreciation and Amortization	538,459.00	195,664.00	342,795.00	64%
<b>Total Expenditures</b>	<b>995,503.00</b>	<b>474,082.00</b>	<b>178,626.00</b>	<b>18%</b>

The breakdown of expenditure is shown in the chart below:



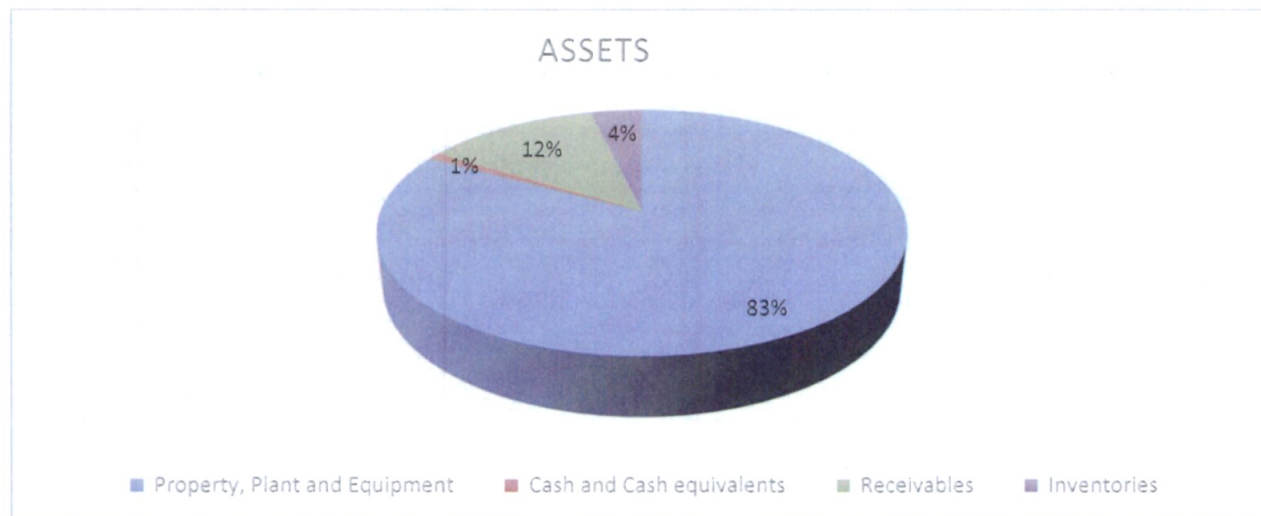
**Management Discussion and Analysis (Continued)**

**Assets**

The NYS- MTF assets comprise of non-current and current assets. Non-current assets include PPE while current assets include cash and cash equivalent, inventories and accounts receivables. The breakdown of the composition of as assets is summarized below:

ASSETS	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Property, Plant and Equipment	4,102,664.00	3,231,203.00	871,461.00	21%
Cash and Cash equivalents	43,708.00	39,698.00	4,010.00	9%
Receivables	619,900.00	1,839,655.00	(1,219,755.00)	-197%
Inventories	184,674.00	327,704.00	(143,030.00)	-77%
<b>TOTAL ASSETS</b>	<b>4,950,946.00</b>	<b>5,438,260.00</b>	<b>(487,314.00)</b>	<b>-10%</b>

Total Asset by classification for FY 2024/2025 is as shown below:



**Liabilities**

NYS-MTF liabilities are comprised of trade payables, prepayment and sundry creditors. IPSAS requires the presentation of sundry creditors as current liabilities (short term liabilities and do not accrue interest on their outstanding balances)

The table below shows the comparison of liabilities

LIABILITIES	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Trade Payables	97,263.00	0.00	97,263.00	100%
Sundry Creditors	8,579.00	8,579.00	0.00	0%
<b>TOTAL LIABILITIES</b>	<b>105,842.00</b>	<b>8,579.00</b>	<b>97,263.00</b>	<b>92%</b>

## **10. Environmental and Sustainability Reporting**

MTF was established to offer transport to the National Youth Service and other users on hire as well as training services for youth. This is the driving force behind all programmes. Currently, there are legislative, policy and strategy gaps. The National Youth Service Council and Management, therefore, instituted in the previous reporting period, and are committed to fully execute measures that aim to ensure MTF is restructured, strengthened, productive and sustainable.

### **i) Sustainability strategy and profile**

The MTF Legislations expired in December, 2021 and the process of review its legal position was immediately commenced to ensure its operations and financial strength are not embedded. A Fund for that caters for all commercial and enterprise activities undertaken by other entities within NYS is envisaged. The commercial and enterprise targets at MTF will be made sharper and be the focus of the new Fund. The new Fund may be renamed to take care of the interests of NYS' mandate of commercializing its assets and resources as a whole.

### **ii) Environmental performance**

The Service has been steadfast on enhancement and preservation of environment, with a lot of investment in both botanical and zoological assets as reported in the report on assets. In order to ensure there is increased forest cover in all NYS Field Units and to support the achievement of the national target of planting/growing 15 billion trees by 2032 NYS committed to grow 1 billion trees. This commitment was enhanced by the President's Directive issued on 3rd March, 2023 during the recruits' pass out parade held at NYS College, Gilgil. To progress this commitment, several strategies were adopted including the growing of 50 million trees and 100 million tree seedlings across the NYS Units in the current period.

Other efforts include commencement of partnership discussions on growing of fruit trees such as avocado, mangos among others in Field Units with favourable weather conditions. The Service is further considering formulation of environmental guidelines on the ratios of trees to be planted with a special focus on indigenous, fruit and commercial trees.

### **iii) Employee welfare**

The service has set initiatives for its employees to enhance their well-being, encompassing various aspects like health, safety, work-life balance, and career development. These programs are crucial for attracting and retaining talent, boosting employee morale, and improving overall organizational performance. This includes Healthcare benefits, Wellness programs, Employee assistance programs

(EAPs), Flexible work arrangements, Paid time off (PTO), Childcare assistance, Training and development programs, Mentorship programs, Tuition reimbursement, Retirement plans and financial wellness programs.

**iv) Market place practices-**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

NYS-MTF engages in responsible competition practices like anti-corruption, responsible political involvement, fair competition through open tendering. The fund ensures improved service delivery practices through Service charter information, Service automation, Anti-corruption reporting, brand protection mechanism, cashless payment and public sensitization.

**b) Responsible Supply chain and supplier relations**

The Fund is normally involved in fostering transparent, collaborative, and ethical partnerships with suppliers to meet environmental, social, and economic standards. Key elements include Supplier Relationship Management (SRM) to build trust and information sharing, promoting sustainable procurement through circular economy principles, and engaging in multi-stakeholder partnerships to address systemic issues.

**c) Responsible marketing and advertisement or Responsible engagement with the citizens.**

NYS-MTF normally engages in public sensitization by holding media briefs and advertisement that are neither harmful nor offensive, and follow ethical standard. Normally tendering process is done in both the print and general media to reach all the consumers.

**v) Corporate Social Responsibility / Community Engagements**

The service has partnered with communities to propagate seedlings practising agroforestry where the community is allowed to farm and take care of seedlings.

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the NYS-Mechanical and Transport Fund (MTF) affairs.

**i) Principal activities**

The principal activities of the NYS, Mechanical and Transport Fund are provision of transport services to NYS and other users on hire, provision of training services and undertaking commercial activities for purposes of maintenance and renewal of machinery and equipment as discussed in detail on IV.

**ii) Results**

The results of the Entity for the year ended June 30, 2025, are set out on page 1-41

**iii) Directors**

The members of the Board of Directors who served during the year are shown on pages ix- xiv. During the year the Board had changes in composition, including: the expiry of the term of service for one (1) independent member (who was not replaced); receipt of two (2) alternate Board Members and appointment in acting capacity of a new CEO/Secretary to the Council in the last Quarter of the financial year.


**iv) Surplus remission**

In accordance with Regulation 7 of the Government Financial Management (National Youth Service Mechanical and Transport Fund) Regulations, the Fund retained all receipts, earnings and accruals to the Fund, and the balance of the Fund at the close of the financial year for use by Fund for the purpose of which it is established.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the NYS-Mechanical and Transport Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

  
.....

**James K. Tembur, MBS**

**Corporation Secretary/Secretary to the Board**

**12. Statement of Directors Responsibilities**

These Financial Statements have been prepared in accordance to section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act. The Statements give a true and fair view of the state of affairs of the National Youth Service (Mechanical and Transport Fund) as at 30th June, 2025 as well as its operating results for the FY 2024/2025.

The Council, throughout the period ensured that MTF kept proper accounting records. The same have disclosed with reasonable accuracy the financial position of the National Youth Service. The assets of MTF have been secured.

The Statements here prepared and presented by the Directors of the National Youth Service Council, give a true and fair view of the state of affairs of NYS (Mechanical and Transport Fund) for and as at the end of the financial year ended on June 30, 2025.

The Directors therefore are fully responsible for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the MTB's financial statements give a true and fair view of the state of the transactions of NYS during the financial year ended June 30, 2025, and of the financial position of MTF as at the stated date. The Directors further confirm the completeness of the accounting records maintained for the NYS which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Mechanical and Transport fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The NYS-Mechanical and Transport Fund financial statements were approved by the Board on 5/12/ 2025 and signed on its behalf by:

**Name: Lt Gen (Rtd) Adan K. Mulata MGH  
CBS, OGW, ndc (K), psc(UK)**

Signature.....

**Chairperson of the Board/Council**

**Name James K. Tembur, MBS**

Signature .....

**Accounting Officer**

# REPUBLIC OF KENYA



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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE - MECHANICAL AND TRANSPORT FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Youth Service - Mechanical and Transport Fund set out on pages 1 to 42 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 National Youth Service-Mechanical and Transport Fund 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 the Public Finance Management Act, 2012 and National Youth Service Act, 2018.

### **Basis for Qualified Opinion**

#### **1. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.4,102,663,927 as reflected in Note 14 to the financial statements. The balance includes plant and machinery, heavy commercial vehicles and light motor vehicles amounts of Kshs.2,593,174,442, Kshs.1,425,737,637 and Kshs.82,210,369 respectively. However, as previously reported, Management had not valued the assets for financial reporting purposes since inception and the depreciation policy has not been approved by the Council. Further, furniture and fittings such as executive tables, chairs and cabinets have not been tagged.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.4,102,663,927 could not be confirmed.

#### **2. Long-Outstanding Sundry Creditors**

The statement of financial position reflects receivables sundry creditors balance of Kshs.8,579,223 as disclosed in Note 16 to the financial statements. The balance relates to various vendors and has been outstanding for long period of time. Further, the aging analysis of the sundry creditors was not provided for audit review.

In the circumstances, accuracy of sundry creditors balance of Kshs.8,579,223 could not be confirmed.

#### **3. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.619,899,674 as disclosed in Note 11(b) to the financial statements. This balance relates to debts from hire of buses, hire of machines, fire engines and borehole drilling. Further, this balance includes debts of Kshs.432,163,530 owed by the disbanded Nairobi Metropolitan Services (NMS) which have been outstanding for over five (5) years. In addition, Management has not made a provision for bad and doubtful debts to factor the risk of possible non recovery of this debt.

In the circumstances, the accuracy and recoverability of the receivables totalling Kshs.619,899,674 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Youth Service - Mechanical and Transport Fund Management in accordance with ISSAI 130 on 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 revenue budget and actual on a comparable basis of Kshs.560,890,934 and Kshs.283,910,597 resulting to an under funding of Kshs.276,980,337 or 49% of the budget. Similarly, the Fund spent an amount of Kshs.367,248,121 against total receipts of Kshs.283,910,597 resulting to an over absorption of Kshs.83,337,524 or 29% 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 judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

#### **Unresolved Prior Year Matters**

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the National Youth Service - Mechanical and Transport Fund 2024/2025 revealed that the following seven (7) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in Financial Statements-Variances Between the Financial Statements and the Ledgers
2	2023/2024	Inaccuracies of the Opening Balances
3	2023/2024	Long Outstanding Receivables from Exchange Transactions
4	2023/2024	Long Outstanding Receivables from Non-Exchange transactions
5	2023/2024	Unconfirmed Property, Plant and Equipment Balance
6	2023/2024	Legal Status of National Youth Service-Mechanical and Transport Fund
7	2023/2024	Grounded Motor Vehicles, Plant and Equipment

### Other Information

The Management is responsible for the Other Information set out on page vii to xxxv which comprise of Key Entity Information and Management, Statement by the Chairman, Statement by Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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. Legal Status of the Fund**

As previously reported, the National Youth Service - Mechanical and Transport Fund was established in January, 2011 by the NYS-Mechanical and Transport Fund Regulation, 2011. The Fund is subject to Regulation 207(1)(i) of the Public Finance Management (National Government) Regulations, 2015 which states that the initial approval for establishment of a national public Fund shall be for a maximum period of ten (10) years, beyond which Cabinet and Parliament approvals shall be sought. However, by the time of the audit, the Fund's lifespan was thirteen (13) years. Although Management indicated that the Cabinet Secretary granted two extensions, the approval for extension by the Cabinet was not provided for audit review.

Further, the process of winding up had not commenced in line with Regulation 209(1) of the Public Finance Management (National Government) Regulations, 2015 which states that, where the lifespan of Fund lapses, within six (6) months from the date of the lapse, the winding up shall commence.

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

### **2. Failure to Review Revenue Rates**

The statement of financial performance reflects generated revenue totalling Kshs.283,910,597. However, the prevailing service rates that were used have not been reviewed since 9 June, 2011. This was contrary to the provisions of Regulation 66 of the Public Finance Management (National Government) Regulations, 2015, which mandates the Accounting Officer to periodically review the fees charged for services rendered and obtain the necessary approvals from The National Treasury.

Further, review of customer files indicated lack of formal, binding contracts between the Fund and its clients. This lack of enforceable agreements increases the risk of payment defaults, contributing to increased accounts receivables balance.

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

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

## REPORT ON 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 effects of the matter 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**

#### **Grounded Motor Vehicles, Plant and Equipment**

As previously reported, the Fund's assets register revealed that one hundred and thirty (130) motor vehicles, plant machinery and equipment have been grounded for a long time due to various mechanical reasons. Management has not made any efforts to repair or to seek approval for the disposal of the assets. These assets continue to deteriorate and any salvage value that could have been realized may be lost.

In the circumstances, the existence of effective measures for assets management 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

In preparing the financial statements, Management is responsible for assessing the Fund'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

*Report of the Auditor-General on National Youth Service - Mechanical and Transport Fund for the year ended 30 June, 2025*

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Council is responsible for overseeing the Fund'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**

**11 December, 2025**

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*Report of the Auditor-General on National Youth Service - Mechanical and Transport Fund for the year ended 30 June, 2025*


NATIONAL YOUTH SERVICE-MECHANICAL AND TRANSPORT FUNDS  
Annual Report and Financial Statements  
for the year ended June 30, 2025.

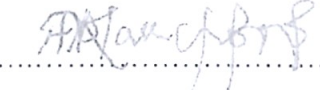
14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from exchange transactions			
Rendering of services	6	283,910,597.00	280,571,278.00
Total revenue		283,910,597.00	280,571,278.00
Expenses			
Use of goods and services	7	241,766,974.00	142,001,432.00
Repairs and maintenance	8	297,485,178.00	136,416,537.00
Depreciation and amortization expense	9	538,458,630.00	195,663,843.00
Total expenses		1,077,710,782.00	474,081,812.00
Other gains/(losses)			
Accounts Receivable Impairment	12	1,190,416,159.00	0.00
Surplus/ (deficit) before tax		(1,984,216,343.00)	(192,907,233.00)
Taxation		0.00	0.00
Surplus/(deficit) for the period/year		(1,984,216,343.00)	(192,907,233.00)
Remission to National Treasury		0.00	0.00
Net Surplus for the year		(1,984,216,343.00)	(192,907,233.00)

The notes set out on pages 1 to 5 form an integral part of these Financial Statements. The Financial Statements set out on pages 24 to 34 were signed on behalf of the Board of Directors by:

Sign.....  
Name: James K. Tembur, MBS  
CG/Fund Administrator

  
Domnick O. Ogwella  
Accountant MTF  
ICPAK M/No:21071

  
Lt. Gen (Rtd) Adan K. Mulata MGH,  
CBS, OGW, ndc (K), psc(UK)  
Chairman of the Board

Date .....5/12/2025

.....9/12/2025

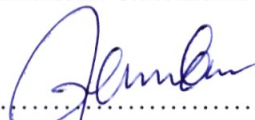
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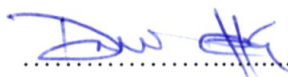
**National Youth Service-Mechanical and Transport Fund  
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**15 Statement of Financial Position as at 30 June 2025**

	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	10	43,708,195.00	39,697,595.00
Receivables from Exchange Transactions	11	619,899,674.00	649,239,235.00
Receivables from Non-Exchange Transactions	12	0.00	1,190,416,159.00
Inventories	13	184,674,368.00	327,703,635.00
<b>Total Current Assets</b>		<b>848,282,237.00</b>	<b>2,207,056,623.00</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	14	4,102,663,927.00	3,231,202,775.00
<b>Total Non- Current Assets</b>		<b>4,102,663,927.00</b>	<b>3,231,202,775.00</b>
<b>Total Assets (A)</b>		<b>4,950,946,164.00</b>	<b>5,438,259,398.00</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	97,263,328.00	0.00
Sundry Creditors	16	8,579,223.00	8,579,223.00
<b>Total Current Liabilities</b>		<b>105,842,551.00</b>	<b>8,579,223.00</b>
<b>Total Liabilities (B)</b>		<b>105,842,551.00</b>	<b>8,579,223.00</b>
<b>Net Assets (A-B)</b>		<b>4,845,103,613.00</b>	<b>5,429,680,175.00</b>
<b>Represented by:</b>			
Accumulated Surplus		(2,420,623,597.00)	(436,407,254.00)
Revaluation Reserves		1,399,639,781.00	0.00
Capital Fund		5,866,087,429.00	5,866,087,429.00
<b>Net Assets</b>		<b>4,845,103,613.00</b>	<b>5,429,680,175.00</b>

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Sign.   
Name: James K. Tembur, MBS  
CG/Fund Administrator

  
Domnick O. Ogwella  
Accountant MTF  
ICPAK M/No:21071

  
Lt. Gen (Rtd) Adan K. Mulata MGH,  
CBS, OGW, ndc (K), psc(UK)  
Chairman of the Board

Date 5/12/2025

5/12/2025

05/12/2025

**National Youth Service-Mechanical and Transport Fund  
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**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

<b>Description</b>	<b>Capital Reserve</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Capital Fund</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at July 1, 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>(243,500,021.00)</b>	<b>5,866,087,429.00</b>	<b>5,622,587,408.00</b>
<b>Revaluation loss</b>	0.00	0.00	0.00	0.00	0.00
Surplus/ deficit for the year	0.00	0.00	(192,907,233.00)	0.00	(192,907,233.00)
<b>As at June 30, 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>(436,407,254.00)</b>	<b>5,866,087,429.00</b>	<b>5,429,680,175.00</b>
<b>As at July 1, 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>(436,407,254.00)</b>	<b>5,866,087,429.00</b>	<b>5,429,680,175.00</b>
<b>Revaluation loss</b>	0.00	1,399,639,781.00	0.00	0.00	1,399,639,781.00
Surplus/ (deficit) for the year	0.00	0.00	(1,984,216,343.00)	0.00	(1,984,216,343.00)
<b>As at June 30, 2025</b>	<b>0.00</b>	<b>1,399,639,781.00</b>	<b>(2,420,623,597.00)</b>	<b>5,866,087,429.00</b>	<b>5,179,807,158.00</b>

**National Youth Service-Mechanical and Transport Fund  
Annual Report and Financial Statements  
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**17. Statement of Cash Flows for the year ended 30 June 2025**

	Notes	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services		283,910,597.00	281,174,578.00
<b>Total receipts</b>		<b>283,910,597.00</b>	<b>281,174,578.00</b>
<b>Payments</b>			
Use of goods and services		159,558,740.00	70,045,088.00
Repairs and maintenance		110,061,256.00	136,416,537.00
<b>Total payments</b>		<b>269,619,996.00</b>	<b>206,461,625.00</b>
<b>Net cash flows from/ (used in) operating activities</b>	17	<b>14,290,601.00</b>	<b>74,712,953.00</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets		(10,280,001.00)	(35,905,360.00)
<b>Net cash flows from/ (used in) investing activities</b>		<b>(10,280,001.00)</b>	<b>(35,905,360.00)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>4,010,600.00</b>	<b>38,807,593.00</b>
Cash and cash equivalents at 1 July	12	39,697,595.00	890,001.00
<b>Cash and cash equivalents at 30 June</b>	12	<b>43,708,195.00</b>	<b>39,697,594.00</b>

**National Youth Service-Mechanical and Transport Fund  
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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget leftovers for previous years	546,400,000.00	0.00	546,400,000.00	314,177,705.00	232,222,295.00	57.50%
<b>Receipts</b>						
Rendering of Services	560,890,934.00	0.00	560,890,934.00	283,910,597.00	276,980,337.00	51%
<b>Total Receipts</b>	<b>560,890,934.00</b>	<b>0.00</b>	<b>560,890,934.00</b>	<b>283,910,597.00</b>	<b>276,980,337.00</b>	<b>51%</b>
<b>Payments</b>						
Repairs and Maintenance	270,000,000.00	0.00	270,000,000.00	297,485,178.00	-27,485,178.00	110%
Use of Goods and Services	216,400,000.00	0.00	216,400,000.00	69,762,943.00	146,637,057.00	32%
<b>Total Payments</b>	<b>486,400,000.00</b>	<b>0.00</b>	<b>486,400,000.00</b>	<b>367,248,121.00</b>	<b>119,151,879.00</b>	<b>76%</b>
Capital Expenditure Payments	60,000,000.00	0.00	60,000,000.00	0.00	60,000,000.00	0%
Surplus for the period	14,490,934.00	0.00	14,490,934.00	-83,337,524.00	97,828,458.00	-575%

## **19. Notes to the Financial Statements**

### **1. General Information**

National Youth Service-Mechanical and Transport fund is established under legal notice No 15th of 30th January, 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide mechanical and transport services; these include provision of equipment for development and maintenance of infrastructure and wide range of mechanical and technical services to both the public and private sector.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the NYS-MTF accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NYS-MTF. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**National Youth Service-Mechanical and Transport Branch  
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**Notes to the Financial Statements (Continued)**

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

**National Youth Service-Mechanical and Transport Branch  
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	<ul style="list-style-type: none"> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial 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>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ul>

iii. ***Early adoption of standards***

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

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Taxes, Levies and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the NYS-MTF 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 has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity 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.

**National Youth Service-Mechanical and Transport Branch  
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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

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

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

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The NYS-MTF 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 section 18 of these financial statements.

**c) Taxes**

**Current income tax**

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

**National Youth Service-Mechanical and Transport Branch  
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for the year ended June 30, 2025.**

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

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable NYS-MTF and the same taxation authority.

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

**Summary of Significant Accounting Policies (Continued)**

*Sales tax*

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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

**Summary of Significant Accounting Policies (Continued)**

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

**f) Leases**

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

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

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

**Summary of Significant Accounting Policies (Continued)**

**g) Intangible assets**

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

**h) Biological Assets**

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

**i) Research and development costs**

The NYS-MTF expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the NY-MTF 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.

**j) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The 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.

**a) Financial assets**

**Classification of financial assets**

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

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

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

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

**Amortized cost**

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

**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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Fair value through surplus or deficit**

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

**Impairment**

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.

**b) Financial liabilities**

**Classification**

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

**k) Inventories**

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

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

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

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

**Summary of Significant Accounting Policies (Continued)**

**l) Provisions**

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

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

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

**o) Contingent assets**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**p) Nature and purpose of reserves**

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

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

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

**r) Employee benefits**

**Retirement benefit plans**

The NYS-MTF 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.

**s) Foreign currency transactions**

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

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

**Summary of Significant Accounting Policies (Continued)**

**t) Borrowing costs**

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

**u) Related parties**

The 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 CEO and senior managers.

**v) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters 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.

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

**Summary of Significant Accounting Policies (Continued)**

**w) Cash and cash equivalents**

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

**x) Comparative figures**

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

**y) Subsequent events**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the NYS-MTF 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. 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 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 the Entity.
- 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**

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.

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Notes to the Financial Statements (Continued)

6. Rendering Of Services

Description	2024/2025	2023/2024
	KShs	KShs
Hire of Buses	11,342,924.00	59,216,824.00
Drivers Training	219,590.00	0.00
Hire of Machines and Equipment	271,539,630.00	218,467,527.00
Hire of Fire Engines	145,853.00	603,300.00
Borehole Drilling	662,600.00	2,886,927.00
<b>Total Revenue from The Rendering of Services</b>	<b>283,910,597.00</b>	<b>281,174,578.00</b>

7. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Fuel and Oil	20,916,680.00	85,000,647.00
Tyres and Batteries	19,463,268.00	28,092,956.00
Welding and Workshop Materials	4,543,615.00	5,295,309.00
Printing and Stationery	0.00	1,915,626.00
Drilling Expenses	0.00	9,383,244.00
Bank Charges	190,092.00	145,623.00
Project Expenses	89,605,705.00	0.00
VAT Expense	82,208,235.00	0.00
Travel, Subsistence & Other Allowances*	24,839,380.00	12,168,027.00
<b>Total Use of Goods and Services</b>	<b>241,766,974.00</b>	<b>142,001,432.00</b>

8. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Spare parts issued from China Stock	7,667,333.00	10,669,175.00
Spares bought locally and used during the period	242,996,424.00	108,741,065.00
Services expenses	46,821,421.00	17,006,297.00
<b>Total Repairs and maintenance</b>	<b>297,485,178.00</b>	<b>136,416,536.00</b>

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Notes to the Financial Statements (Continued)

9. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Plant and Machinery	172,741,229.00	117,522,628.00
Heavy Commercial Motor Vehicles	282,993,205.00	61,105,107.00
Light Motor Vehicles	82,210,369.00	16,415,487.00
Computer Accessories	0.00	312,372.00
Furniture & Fitting	513,826.00	308,249.00
<b>Total depreciation and amortization</b>	<b>538,458,629.00</b>	<b>195,663,843.00</b>

10. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	43,708,195.00	39,697,595.00
<b>Total Cash and Cash Equivalents</b>	<b>43,708,195.00</b>	<b>39,697,595.00</b>

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1128674548	43,708,195.00	39,697,595.00
<b>Sub- Total</b>		<b>43,708,195.00</b>	<b>39,697,595.00</b>
<b>Grand Total</b>		<b>43,708,195.00</b>	<b>39,697,595.00</b>

11. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Receivables</b>		
Hire of Buses	4,449,724.00	5,137,029.00
Hire of Machines	66,685,268.00	33,057,168.00
Other Exchange Debtors	0.00	3,809,719.00
<b>Total Current Receivables</b>	<b>71,134,992.00</b>	<b>42,003,915.00</b>

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Notes to the Financial Statements (Continued)

(b) Receivables from Exchange Transactions (Long-term)

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Total receivables</b>		
Hire of Machines	540,831,548.00	597,760,909.00
Hire of Fire Engines	1,942,200.00	1,942,200.00
Hire of Buses	5,990,934.00	5,172,317.00
Borehole Drilling	0.00	2,359,894.00
<b>Total receivables</b>	<b>548,764,682.00</b>	<b>607,235,320.00</b>
<b>Total receivables (a+b)</b>	<b>619,899,674.00</b>	<b>649,239,235.00</b>

(c) Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	71,134,993.00	11%	42,003,916.00	6%
Between 1- 2 years	97,913,666.00	16%	154,850,848.00	24%
Between 2-3 years	18,687,485.00	3%	20,220,942.00	3%
Over 3 years	432,163,530.00	70%	432,163,530.00	67%
<b>Total (a+b)</b>	<b>619,899,674.00</b>	<b>100%</b>	<b>649,239,236.00</b>	<b>100%</b>

- Management has put in place measures to follow up on all debtors from public and private sector agencies alike as guided by the NYS Bad Debt Provision Policy (2021). The policy states that bad debts written off shall be made only after all reasonable efforts have been made to recover the debt and the Service is convinced that all legal and other means of collecting the debt have been exhausted and yet the debt is still outstanding; and/or the recovery of the debt would be uneconomical.
- From the efforts, a number of the debtors have responded positively by either clearing or making part payments. Those that made part payment also promised to fully settle their debts in subsequent periods.
- Invoices for the Nairobi Metropolitan Services (NMS) amounting Kshs 432,163,530.00 were submitted to the Nairobi City County Government and are being considered under pending bills and claims relating to NMS and are expected to be paid once funds for the same are available.

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Notes to the Financial Statements (Continued)

12. Receivables from Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Receivables from NYS units	0.00		1,190,416,159.00	
<b>Total receivables from non- exchange transactions</b>	<b>0.00</b>		<b>1,190,416,159.00</b>	
Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0.00	0%	0.00	0%
Between 1-2 years	0.00	0%	0.00	0%
Over 3 years	0.00	0%	1,190,416,159.00	100%
<b>Total</b>	<b>0.00</b>	<b>0%</b>	<b>1,190,416,159.00</b>	<b>100%</b>

Description	2024/2025		2023/2024	
	Kshs		Kshs	
At the beginning of the year	1,190,416,159.00		1,190,416,159.00	
Additional provisions during the year	0.00		0.00	
Recovered during the year	0.00		0.00	
Written off during the year	1,190,416,159.00		0.00	
At the end of the year	<b>0.00</b>		<b>1,190,416,159.00</b>	

- The NYS Council approved write-off of long outstanding receivables from non-exchange transactions amounting to Kshs. 1,190,416,159.00 during the 28th NYS council meeting held on 23rd September 2024. The receivables relate to debts from National Youth Service (NYS) Units for fueling and servicing of vehicles that were deployed for the operations of the NYS HQ's and all field units.
- However, the NYS management resolved to support the MTF realize its mandate via issue of an AIE to cater for fuel, repair and maintenance of motor vehicles, plant and equipment deployed at the NYS units to facilitate their daily operations.

13. Inventories

Description	2024/2025		2023/2024	
	Kshs		Kshs	
China Phase 1 & 11	162,961,247.00		170,628,580.00	
Local Stocks	21,713,121.00		157,075,055.00	
<b>Total inventories</b>	<b>184,674,368.00</b>		<b>327,703,635.00</b>	

**National Youth Service-Mechanical and Transport Branch  
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**Notes to the Financial Statements (Continued)**

<b>Description</b>	<b>2024/2025</b>	
	<b>China Phase 1 &amp; 11</b>	<b>Local Stocks</b>
Opening balance	170,628,580.00	157,075,055.00
Additional Inventory in the year	0.00	107,634,490.00
Inventory expensed in the year	7,667,333.00	242,996,423.00
Closing balance	162,961,247.00	21,713,121.00

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**14. Property, Plant and Equipment**

Cost	Plant & Machinery	Heavy Commercial	Motor vehicles	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1 July 2023</b>	<b>4,909,315,762.00</b>	<b>2,777,493,193.00</b>	<b>354,270,522.00</b>	<b>4,110,606.00</b>	<b>3,488,425.00</b>	<b>8,048,678,508.00</b>
Additions	0.00	35,905,360.00	0.00	0.00	0.00	35,905,360.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 30<sup>th</sup> June 2024</b>	<b>4,909,315,762.00</b>	<b>2,813,398,553.00</b>	<b>354,270,522.00</b>	<b>4,110,606.00</b>	<b>3,488,425.00</b>	<b>8,084,583,868.00</b>
Additions	10,280,000.00	0.00	0.00	0.00	0.00	10,280,000.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments	(1,464,771,172.00)	16,533,505.00	138,991,691.00	0.00	0.00	(1,309,245,976.00)
<b>As at 30<sup>th</sup> June 2025</b>	<b>3,454,824,590.00</b>	<b>2,829,932,058.00</b>	<b>493,262,213.00</b>	<b>4,110,606.00</b>	<b>3,488,425.00</b>	<b>6,785,617,892.00</b>
<b>Depreciation And Impairment</b>						
<b>At 1 July 2023</b>	<b>2,558,863,193.00</b>	<b>1,904,563,098.00</b>	<b>190,115,654.00</b>	<b>3,185,857.00</b>	<b>989,448.00</b>	<b>4,657,717,250.00</b>
Depreciation	117,522,628.00	61,105,107.00	16,415,487.00	308,249.00	312,372.00	195,663,843.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/ Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>As At 30<sup>th</sup> June 2024</b>	<b>2,676,385,821.00</b>	<b>1,965,668,205.00</b>	<b>206,531,141.00</b>	<b>3,494,106.00</b>	<b>1,301,820.00</b>	<b>4,853,381,093.00</b>
Depreciation	172,741,229.00	282,993,205.00	82,210,369.00	513,826.00	0.00	538,458,629.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustment	(1,987,476,903.00)	(844,466,990.00)	122,310,334.00	(1,438,804.00)	2,186,605.00	(2,708,885,757.00)
<b>As at 30<sup>th</sup> June 2025</b>	<b>861,650,147.00</b>	<b>1,404,194,421.00</b>	<b>411,051,844.00</b>	<b>2,569,128.00</b>	<b>3,488,425.00</b>	<b>2,682,953,965.00</b>
<b>Net Book Values</b>						
<b>As at 30<sup>th</sup> June 2024</b>	<b>2,232,929,941.00</b>	<b>847,730,348.00</b>	<b>147,739,381.00</b>	<b>616,499.00</b>	<b>2,186,605.00</b>	<b>3,231,202,774.00</b>
<b>As at 30<sup>th</sup> June 2025</b>	<b>2,593,174,442.00</b>	<b>1,425,737,637.00</b>	<b>82,210,369.00</b>	<b>1,541,478.00</b>	<b>0.00</b>	<b>4,102,663,926.00</b>

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

**14 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Plant & Machinery	3,454,824,590.00	861,650,147.00	2,593,174,442.00
Heavy Commercial Motor Vehicles	2,829,932,058.00	1,404,194,421.00	1,425,737,637.00
Light Motor Vehicles	493,262,213.00	411,051,844.00	82,210,369.00
Computer Accessories	4,110,606.00	2,569,127.00	1,541,478.00
Furniture & Fitting	3,488,425.00	3,488,425.00	0.00
<b>TOTAL</b>	<b>6,785,617,892.00</b>	<b>2,682,953,965.00</b>	<b>4,102,663,926.00</b>

- The valuation of non-current assets commenced in 2019 and was carried out in two phases. Phase one was done and completed by officers from the State Department for Public Works. Phase two is complete and the final report is being compiled. The figure posted, therefore, is the book value of the non-current assets and will be adjusted accordingly upon receipt of the full valuation report.
- The unserviceable assets were identified for disposal in the FY 2021/2022 based on Phase I Valuation Report.

**15. Trade and Other Payables**

Description	2024/2025	2023/2024		
	Kshs	Kshs		
Trade payables	96,242,328.00	0.00		
Employee payables	1,021,000.00	0.00		
<b>Total trade and other payables</b>	<b>97,263,328.00</b>	<b>0.00</b>		
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	97,263,328.00	100%	0.00	0%
1-2 years	0.00	0%	0.00	0%
2-3 years	0.00	0%	0.00	0%
Over 3 years	0.00	0%	0.00	0%
<b>Total (tie to above total)</b>	<b>97,263,328.00</b>		<b>0.00</b>	

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Notes to the Financial Statements (Continued)

16. Sundry Creditors

Description	2024/2025	2023/2024		
	Kshs	Comparative		% of the Total
National Cereal Board	696,150.00	696,150.00		
Roll fast Africa	47,480.00	47,480.00		
MAH Engineering	170,314.00	170,314.00		
Fore crest	4,297.00	4,297.00		
Ministry of information	5,879,376.00	5,879,376.00		
Lamu Port	116,341.00	116,341.00		
Tseikuru airport	1,523.00	1,523.00		
Mansa Guda	1,162,000.00	1,162,000.00		
Ministry of special programmes	501,742.00	501,742.00		
<b>Total Amount (Kshs)</b>	<b>8,579,223.00</b>	<b>8,579,223.00</b>		
<b>Ageing analysis: (Sundry Creditors)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	0.00	0%	0.00	0%
1-2 years	0.00	0%	0.00	0%
2-3 years	0.00	0%	0.00	0%
Over 3 years	8,579,223.00	100%	8,579,223.00	100%
<b>Total (tie to above total)</b>	<b>8,579,223.00</b>		<b>8,579,223.00</b>	

- Note: IPSAS requires the presentation of sundry creditors as current liabilities (short term liabilities and do not accrue interest on their outstanding balances)

17. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(1,984,216,344.00)</b>	<b>(192,907,233.00)</b>
<b>Adjusted for:</b>		
Depreciation	538,458,629.00	195,663,843.00
<b>Working capital adjustments</b>		
Increase in inventory	143,029,267.00	160,462,873.00
Increase in receivables	29,339,561.00	35,501,742.00
Increase in receivables from non-exchange transactions	1,190,416,159.00	0.00
Increase in payables	97,263,328.00	(124,008,272.00)
<b>Net cash flow from operating activities</b>	<b>4,010,601.00</b>	<b>74,712,954.00</b>

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

**18. Financial Risk Management**

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

**i) Credit risk**

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

**Financial Risk Management**

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

**ii) Liquidity risk management**

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

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

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

**Financial Risk Management**

**iii) Market risk**

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

**Financial Risk Management**

**Fair value of financial assets and liabilities**

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

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

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

**iv) Capital Risk Management**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Retained Earnings	(2,420,623,598.00)	(436,407,254.00)
Revaluation Reserves	1,399,639,781.00	0.00
Capital Fund	5,866,087,429.00	5,866,087,429.00
<b>Total Funds</b>	<b>4,845,103,612.00</b>	<b>5,429,680,175.00</b>
Total Borrowings	0.00	0.00
Less: Cash and Bank Balances	(43,708,195.00)	(39,697,594.00)
Net Debt/(Excess Cash And Cash Equivalents)	0.00	0.00

**19. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the National Youth Service-Mechanical and Transport Branch 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 National Youth Service-Mechanical and Transport Branch, holding 100% of the NYS-MTF equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

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

**Board of Directors.**

In the period ended 30<sup>th</sup> June 2025 the NYS Council approved write-off of long outstanding receivables from non-exchange transactions amounting to Kshs. 1,190,416,159.00 during the 28<sup>th</sup> NYS council meeting held on 23rd September 2024. The receivables relate to debts from National Youth Service (NYS) Units for fueling and servicing of vehicles that were deployed for the operations of the NYS HQ's and all field units. The NYS management resolved to support the MTF realize its mandate via issue of an AIE to cater for fuel, repair and maintenance of motor vehicles, plant and equipment deployed at the NYS units to facilitate their daily operations. See notes 12 of the financial statements declared as per IPSAS 20.

**Other related parties include:**

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

**20. Events after the Reporting Period**

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

**21. Ultimate And Holding Entity**

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Public Service, Performance and Delivery Management. Its ultimate parent is the Government of Kenya.

**22. Currency**

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

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**20. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Inaccuracies of the Financial Statement	<p>The statement of financial performance and as disclosed in Note 10 to the financial statement reflect expenditure on repair and maintenance of Kshs. 136,416,536. Included in the amount is Kshs. 10,669,175 for spare parts issues from China stock which is at variance with the amount reported in the ledger of Kshs. 12,870,911. The variance of Kshs. 2,201,736 was not explained or reconciled.</p> <p>Further, included in the expenditure is an amount of Kshs. 108,741,065 for spares bought locally and used during the period, however,</p>	<p>Management wishes to clarify that reconciliation has been done through stock take of China Stock and variance in the ledger has been updated for audit verification.</p>	Not resolved	By 30 <sup>th</sup> June, 2025

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	the supporting ledger was not provided for audit review.			
<b>Long Outstanding Receivables from Exchange Transactions</b>	The statement of financial position reflects receivables from exchange transactions balance of KShs.649,239,235 as disclosed in Note 14 to the financial statements. This balance includes a debt of Kshs.432,163,530 and Kshs.1,441,960 owed by Nairobi Metropolitan Services (NMS) and Adawa Investments Co. Ltd respectively which have been outstanding for over five years, from the year ended 30 June 2019 to date. Further, Nairobi Metropolitan Services is no longer in existence and the management has not demonstrated the steps they are taking to recover the money owed to them. In addition, the Management has	Management wishes to clarify that the demand letters have been issued to the clients and presented the matter to National Pending Bill Verification Committee for recovery.  The Service formulated Finance and Accounts Policies and Procedures Manual which was approved by the Council in January 2021. These are provisions for bad and doubtful debts policy which provides guidelines on debt management as stated in page 35 under debt management 3.4.1.4.1 attached for audit verification	Not Resolved	By 30 <sup>th</sup> June, 2025

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>not made a provision for bad and doubtful debts to factor the risk of possible non recovery of this debt. In the circumstance, the accuracy, completeness and recoverability of the receivables totalling Kshs.649,239,235 could not be confirmed</p>			
<p><b>Long Outstanding Receivables from Non-Exchange Transactions</b></p>	<p>The statement of financial position reflects receivables balance from non-exchange transactions of Kshs.1,190,416,159 as disclosed in Note 15 to the financial statements. The receivables relate to debts from National Youth Service (NYS) Units. However, these balances have been outstanding for more than two years. However, management have not made provision for bad debts since the recovery is uncertain.</p>	<p>Management has noted the matter raised and has provided detailed list in respect of non-exchange transactions for National Youth Service (NYS) units for audit verification. The request to write off the internal debts was put before the council and approved on 23<sup>rd</sup> September 2024 during the 28<sup>th</sup> NYS council meeting. Therefore, the debts will be written off during the financial year 2024/2025. The council minutes has been provided for audit verification</p>	<p>Not resolved</p>	<p>By 30<sup>th</sup> June 2025</p>

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	In the circumstances, the accuracy and recoverability of the receivables from non-exchange transactions of Kshs.1,190,416,159 could not be confirmed.			
<b>Unconfirmed Property, Plant and Equipment Balance</b>	As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.3,231,202,775. As disclosed in Note 17 to the financial statements. The balances include plant and machinery, heavy commercial vehicles and light motor vehicles of Kshs.2,232,929,9411, Kshs.847.730,348 and Kshs.147,739,381 respectively. However, as previously reported, the Management had not valued the assets for financial reporting purposes since inception and the depreciation	The Service finalized the valuation of assets during the fourth Quarter of FY 2022/2023 in which the first phase of ageing assets was identified and disposal of the same was done in the 1st Quarter of FY 2023/2024. Consequently, Identification of the next disposal of ageing assets is underway. The asset disposal committee has been appointed and has completed the identification process of all items in conjunction with personnel from the chief mechanical and transport engineer (CM& TE). The letters for appointment of disposal committee and request for payment to CM&TE has been attached for audit verification. National Youth Service Council approved the Finance and Accounts	Not resolved	By 30 <sup>th</sup> June 2025

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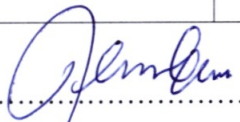
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>policy has not been approved by the Council. Further, furniture and fittings such as executive tables, chairs and cabinets have not been tagged with unique identification numbers.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,231,202,775 could not be confirmed</p>	<p>Policies and Procedures Manual during its 12<sup>th</sup> meeting held on 21<sup>st</sup> January, 2021 under Minute number NYSC 08/21/01/2021. The policy outlines among other finance and accounts policies and procedures, the depreciation of the non-current assets of the Service. Tagging of NYS Office equipment, furniture and fittings was done during FY 2022/2023</p>		
<b>Legal Status of the National Youth Service-Mechanical and Transport Fund</b>	<p>The National Youth Service-Mechanical and Transport Fund was established in January 2011 by the NYS-Mechanical and Transport Fund Regulation,2011. The fund is subjected to section 207 (1) (i) of the Public Finance Management (National Government) Regulations, 2015 which states that the initial approval for establishment of a national</p>	<p>Management wishes to clarify that the regulation that manages the fund expired, and the management requested for its extension through the Cabinet Secretary which was granted as evidenced in the attached letter for audit verification.</p> <p>The Service is in the process of establishing a commercial enterprise which will operate as National Youth Service Commercial and Enterprise Fund instead of MTF.</p>	Not Resolved	By 30 <sup>th</sup> June 2025

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>public Fund shall be for a maximum period of ten (10) years, beyond which Cabinet and Parliament approvals shall be sought. However, by the time of audit, funds lifespan was thirteen (13) years and the approval for extension by the cabinet and parliament was not provided for audit review.</p> <p>Further, the process of winding up had not commenced in line with Section 209(1) Public Finance Management (National Government) Regulations, 2015 which states that, where the lifespan of Fund lapses, within six (6) months from the date of the lapse, the winding up shall commence.</p> <p>In the circumstance, the operations of MTF were therefore in law</p>			

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<b>Grounded Motor Vehicles, Plant and Equipment</b>	<p>As previously reported, the Fund's assets register revealed that one hundred and thirty (130) motor vehicles, plant machinery and equipment have been grounded for a long time due to various mechanical reasons. Management has not made any efforts to repair or to seek approval for the disposal of the assets.</p> <p>In the circumstances, the assets continue to deteriorate and any salvage value that could have been realized may be lost</p>	<p>Management wishes to clarify that the Service finalized the valuation of assets during the fourth Quarter of FY2022/2023 in which the first phase of ageing assets was identified and disposal of the same was done in the first quarter of FY 2023/2024. Consequently, identification of the next disposal of ageing assets is underway. The Asset Disposal committee has been appointed and has completed the identification process of all items in conjunction with personnel from the chief mechanical and transport engineer (CM&amp; TE). The letters for appointment of disposal committee and request for payment to CM&amp;TE has been attached for audit verification</p>		By 30 <sup>th</sup> June 2025



James K. Tembur, MBS  
Commandant General/C.E. O  
Date: 5/12/2025

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