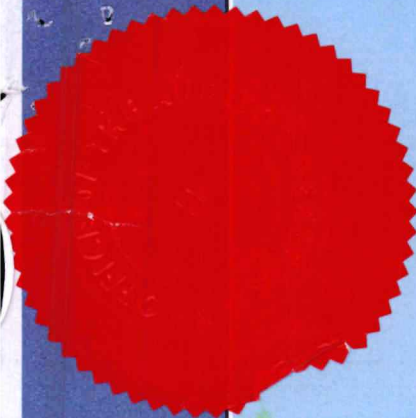
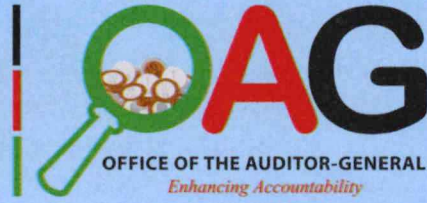



REPUBLIC OF KENYA




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REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL YOUTH OPPORTUNITIES TOWARDS ADVANCEMENT PROJECT CREDIT NUMBERS 7355-KE AND 7356-KE AND GRANT NUMBER E210-KE

FOR THE YEAR ENDED 30 JUNE, 2025

STATE DEPARTMENT OF LABOUR AND SKILLS DEVELOPMENT



**NATIONAL YOUTH OPPORTUNITIES TOWARDS
ADVANCEMENT PROJECT**

**STATE DEPARTMENT FOR LABOUR AND SKILLS
DEVELOPMENT**

**PROJECT CREDIT NUMBER-7355-KE AND GRANT NUMBER E210-KE, CREDIT
NUMBER -7356-KE.**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Definition of Terms

AGPO	Access to Government Procurement Opportunities
AWP	Annual Work Plan
CBK	Central Bank of Kenya
CFO	Chief Finance Officer
COTU	Central Organization of Trade Unions
CSAC	Constituency Social Assistance Committees
DA	Designated Account
DFID	Department for International Development
DNHRP&D	Department of National Human Resource Planning and Development
DoYA	Directorate of Youth Affairs
DRS	Department of Refugee Services
EDC	Enterprise Development Centre
ERS	Exchequer Resources Section
FM	Financial Management
FKE	Federation of Kenya Employers
GDP	Gross Domestic Product
GoK	Government of Kenya
HAU	Head of Accounting Unit
IA	Implementing Agencies
IBLI	Insurance-Based Livestock Insurance Innovations Challenge
IAD	Internal Audit Department
ICT	Information and Communications Technology
IDA	International Development Association
IEC	Information, Education, and Communication
IEMIS	Integrated Electronic Management Information System
IFC	International Finance Corporation
IFMIS	Integrated Financial Management Information System
IFR	Interim Financial Reports
ILO	International Labour Organization
IPSAS	International Public Sector Accounting Standards
ISIC	International Standard Industry Classification
IT	Information Technology
KAPEA	Kenya Association of Private Employment Agencies
KSG	Kenya School of Government
KNOCS	Kenya National Occupational Classification Standards
KYEOP	Kenya Youth Employment and Opportunities Project
KYEP	Kenya Youth Empowerment Project
LMI	Labour market information

LMIS	Labour Market Information System
LMO	Labour Market Observatory
MIS	Management information system
MLSP	Ministry of Labour and Social Protection
MODNC	Ministry of Devolution and National Coordination
MoYACES	Ministry of Youth Affairs, Creative Economy and Sports
MSEA	Micro and Small Enterprise Authority
MTP	Medium Term Plan
NEA	National Empowerment Authority
NBER	National Bureau of Economic Research
NGO	Non-Governmental Organization
NHRPD	National Human Resource Planning and Development
NITA	National Industrial Training Authority
NPD	National Project Director
NYC	National Youth Council
NSSF	National Social Security Fund
NYES	National Youth Empowerment Strategy
NYOTA	National Youth Opportunities Towards Advancements
PA	Project Account
PMU	Project Management Unit
PFM	Public Financial Management
PDO	Project Development Objective
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
PIM	Project Implementation Manual
PSCC	Project Steering and Coordination Committee
SCAO	Standard Chart of Accounts
SYD	Secretary Youth Development
SMS	Short Message System
SOE	Statement of Expenditure
ToR	Terms of Reference
UNICEF	United Nations Children's Fund
WA	Withdrawal Application
WB	World Bank
WBG	World Bank Group
WEF	Women's Enterprise Fund
YEDEF	Youth Enterprise Development Fund

2. Project Information and Overall Performance

2.1 Name and registered office

Name:

The project's official name is **National Youth Opportunities Towards Advancement**

Objective:

The Project development objective is to increase employment, earnings, and promote savings for targeted youth, at national scale.

Address:

The project headquarters offices are:

Ministry of Labour and Social Protection
State Department of Labour
Social Security House
P O Box 40326 -00100,
Block "B", 15th Floor
Nairobi, Kenya.
Email: ps@labour.go.ke
Website: <http://www.labour.go.ke/>

The address of its registered office is in Nairobi County, Kenya

The project also has offices/branches as follows:

- The Project does not have other offices/branches

Contacts: The following are the project contacts

Telephone: 0202729800/EXT4410/4403
E-mail: ps@labour.go.ke
Website: www.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	23, November 2023
Project End Date:	31 December 2028
Project Coordinator:	Meldah Angir
Project Development Partner:	World Bank

2.3 Project Overview

Line Ministry or State departments/ Department	State Department for Labour and Skills Development
Project number	P179414
Strategic goals of the project	The project development objective of NYOTA is “To increase employment, earnings and promote savings for targeted youth, at national scale.” Targeted youth are defined as follows: Vulnerable youth with little or no education, aged 18-29, who are unemployed, underemployed, or in low-tier employment with very low earnings
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Identification of Labour Market Information system users and specify their needs. (ii) Production of LMIS content. Dissemination of LMIS content and Awareness creation.
Other important background information of the project	NYOTA is to be implemented through four (4) components as stated below: Component 1: Improving youth employability: Provision of training and work experience; Operationalization of the Kenya Labour Market Information System (KLMIS) to support, customize and deploy the “Skill craft concept” into the Public Employment Services as an intermediation. [marching youth interests to skills training]

	<p>Component 2: Expanding employment opportunities: Support for entrepreneurship through start-up grants; Results-based financing partnership with social enterprises (IDA US\$7 million equivalent).</p> <p>Component 3: Supporting youth savings: Supporting savings through monetary incentives and nudges Enhancing NSSF operations by strengthening communication systems, developing of a Customer Relationship Management System (CRMS) for better customer insights, track grievances and offer improved customer engagement through targeted messaging besides financing out-reach activities during the 3 phases of implementation and</p> <p>Component 4: Strengthening youth employment systems, capacity, and project management. Strengthen county governments’ capacity including engaging refugees in the respective in the refugee prone counties (Turkana, Wajir and Garissa) MYAAS in collaboration with the Department of Refugees Services (DRS) Monitoring and evaluation and delivery systems Project management and coordination.</p> <p>The MOYACES is the overall coordinator, even though each implementing agency receives and accounts for funds for their various components under NYOTA separately; with the NITA NSSF and MSEA receiving/reporting through their respective line ministries</p> <p>NYOTA is to be implemented in all 47 counties.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project focusses its interventions on poor vulnerable youth with sufficient levels of educations skills or savings by improving their employability and earnings through skills development and business development services and inculcating a savings culture among the beneficiaries.</p>
<p>Project duration</p>	<p>The National Youth Opportunities Towards Advancement (NYOTA) Project came in to effect on 24th June 2024. NYOTA is a 5-year Kenya Government Project funded by World Bank and designed to improve the livelihood of Kenyan youth through various interventions implemented by different agencies.</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2.5 Independent Auditor

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

2.6 Roles and Responsibilities.

Names	Title designation	Key qualification	Responsibilities
Ms Meldah Angir	NYOTA Coordinator	<ul style="list-style-type: none"> • MBA-Human Resource Management. • LLB. • Post Graduate Dip in Law. • Dip in Applied Statistics 	Project manager
Mr Peter Nyariwo	Project Officer	<ul style="list-style-type: none"> • Masters in Human Resource Planning. • BED Science. 	Head of Labour Market Observatory
Nicholas Kipkoech	Project Procurement Specialist	<ul style="list-style-type: none"> • B Com-Procurement and Supply Chain Management. 	Project Procurement Specialist

*National Youth Opportunities Towards Advancement
Annual Report and Financial Statements for the financial year ended June 30, 2025*

		<ul style="list-style-type: none"> • Higher Dip in Information Systems. • Dip in Procurement and Supply Chain Management. 	
CPA Moses Muga	Assistant Accountant General	<ul style="list-style-type: none"> • PHD-Business Administration and Management (on going) • Msc Commerce (Finance and Investment). • Bsc International Business Administration. • Dip In Applied Statistics. • CPA (K). 	In Charge of Project Accounts

2.7 Funding summary

The Project is for a duration of 5 years from 2023 to 2028 with an approved budget of EURO **3,644,000** equivalent to Kshs **502,872,000** as highlighted in the table below:

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Commitment EURO)	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
(ii) Loan						
World Bank	3,644,000	502,872,000	362,319	50,000,000	3,281,681	452,872,000
(iii) Counterpart funds						
Government of Kenya	0	0	0	0	0	0
Total	3,644,000	502,872,000	362,319	50,000,000	3,281,681	452,872,000

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30th June 2025)	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
(i) Loan						
World Bank	362,319	50,000,000	116,799	16,118,247	245,520	33,881,754
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	362,319	50,000,000	116,799	16,118,247	245,520	33,881,754

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

Internal and External Review of the Kenya labour Market information system has been reviewed providing comprehensive insights, experiences and recommendations for use by the consultants in reviewing/upgrading the system. The Labour Market Observatory during the period under review has produced the following information packages disseminated through the Kenya Labour Market Information System (KLMIS).

1. Regional Quarterly labour Market demand Outlook 2025
2. Global Labour Market outlook 2025
3. Key Employability Skills 2025
4. Local Job Opportunity outlook 2025
5. LM Information booklet for wholesale and Retail Trade workers
6. LM Information booklet for Farmers and Farm workers

Project commencement was affected by late disbursement of funds, which was done during the 3rd quarter of the Fiscal year 2024- 2025 when fiscal space was made available. This impacted negatively in implementation of the approved workplan for the State Department of labour and its entities namely N.S.S.F, NITA and NEA. Further budgetary requirements were partially met.

2.9 Summary of Project Compliance:

- i) The project has not been cited for any non-compliance with the applicable laws and regulations as well as essential external financing agreements/covenants.
- ii) The project has not suffered any consequences on account of non-compliance.

No mitigation measures have been taken or planned to be taken to alleviate adverse effects of actual or potential consequences of non-compliance as this not does not apply

3. Statement of Performance against Project’s Predetermined Objectives

The key development objective of the project’s agree is to increase employment, earnings and promote savings for targeted youth, at national scale.” Subcomponent 1.2 being implemented by the State Department for Labour and Skills development aims at addressing labour market information gaps such as the lack of easily available information about employment outlook, job profiles and career prospects as well as challenges faced in matching workers to job.

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity’s performance against predetermined objectives at the end of each financial year.

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

Project	Objective	Outcome	Indicator	Performance
National Youth Opportunities Towards Advancement Project	Operationalization of the labour Market Observatory and supporting Intermediation	Increased job readiness;	Number of information products supporting demand and supply made available on the KLMIS platform	In FY 2024-2025 four types of information products were produced and disseminated through the KLMIS.
		Enhanced employability;		
		Skills aligned with labour market needs		
		Improved job targeting;	Provide up-to-date and forecasted labour demand trends to guide job seekers and training providers	During the period under review the LMO produced Global, Regional and local quarterly labour market outlook reports and disseminated the indicators in the KLMIS
		Youth guided to high-demand sectors;		
		Reduced job search duration		
		Improved access to	Digitized Kenya	Terms of Reference

		occupational information; Standardized classification enhances job matching and career guidance; Stronger integration of occupational data in LMI systems	Standard Classification of Occupations (KeSCO) to support consistent occupational data use across stakeholders	for Engagement of Consultant done Recruitment process on going to on board the consultant
		Enhanced Kenya Labour Market Information System		Internal and External stakeholder review of the current system undertaken. Terms of reference for Engagement of a consultant done Recruitment process on going to on board the consultant

4. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

NYOTA is a project under the State Department of Labour and Skills Development which has put up measures and strategies to ensure its programmes and projects are sustainable.

Key among this measure is development of: -

- The creation and staffing of the Labour Market Observatory to undertake the delivery of high-quality labour market information products as well the Maintaining the Kenya

Labour Market Information System through regular updates of software and information

- Strengthening the analytical capacity of the labour market Observatory to analyse and interpret data, carrying out policy analysis and dissemination of information in clear and easy to understand manner through requisite training.
- Development of Application Programming Interfaces to allow for seamless data sharing with MDA'S that collect key labour market data

2. Environmental performance

The State Department for Labour and Skills development has effectively contributed to the management and conservation of the environment for the current and future generations; the following measures have been put in place; implementing the presidential directive on achieving 10% forest cover through planting trees during national in tree planting exercises.

3. Employee welfare

The State Department has put in place measures to improve welfare of employees through analysis of Collective Bargaining Agreements (CBAs) and forwarding them to the Employment and Labour Relations Court (ELRC) for registration. It also prepared Economic Position Papers to advice the Cabinet Secretary in Wages determination and the Wages Councils.

The State Department also implements the Occupational Safety and Health Act of 2007, clearly making the exit areas in case of emergencies and placing fire extinguishers.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

Adoption of online platform for procurement of goods and services guided by the PFM, Act 2012 and PPAD Act 2015.

b) Responsible ethical practices

The State Department has honoured its obligations through timely payment to its suppliers.

5. Statement of Project Management Responsibilities

The Principal Secretary, State Department for Labour and Skills Development and the Project Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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

The Principal Secretary, State Department for Labour and Skills Development and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary, State Department for Labour and Skills Development and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Principal Secretary, State Department for Labour and Skills Development and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The Principal Secretary, State Department for Labour and Skills Development and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

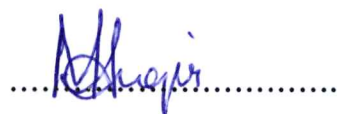
The Project financial statements were approved by the Principal Secretary, State Department for Labour and Skills Development and the Project Coordinator 30/09/ 2025 and signed by:



.....

Shadrack M. Mwadime

Principal Secretary



.....

Meldah Angir

Project Coordinator

REPUBLIC OF KENYA

Phone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH OPPORTUNITIES TOWARDS ADVANCEMENT PROJECT CREDIT NUMBERS 7355-KE AND 7356-KE AND GRANT NUMBER E210-KE FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT OF LABOUR AND SKILLS DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Youth Opportunities Towards Advancement Project Credit Numbers 7355-KE and 7356 KE and Grant Number E210-KE set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Youth Opportunities Towards Advancement Project Credit Numbers 7355-KE and 7356 KE and Grant Number E210-KE as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Financing Agreements Numbers 7355-KE, 7356-KE and E210-KE dated 6 December, 2023 between the Republic of Kenya and the International Development Association and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the of National Youth Opportunities Towards Advancement Project Credit Numbers 7355-KE and 7356 KE and Grant Number E210-KE Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Emphasis of Matter

Budgetary Control Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.60,000,000 and Kshs.50,000,000 resulting to an under funding of Kshs.10,000,000 or 17%. Similarly, the Project incurred actual expenditure of Kshs.16,611,247 against actual receipts of Kshs.50,000,000 resulting to an under-utilization of Kshs.33,388,754 or 67% of the actual receipts.

The underfunding and underutilization affected the planned project activities and programmes, which may have impacted negatively on service delivery to the intended beneficiaries.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

Unclear Performance Targets

Review of the statement of performance against pre-determined objectives revealed that performance indicators were not indicated in quantifiable and measurable terms. It was not therefore possible to evaluate whether the pre-determined performance targets for the year under review were achieved.

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 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, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by International Development Association (IDA), I report based on my audit that:

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

Basis for Conclusion

The International Development Association (IDA), requires that, I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. 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 those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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

15 October, 2025

*National Youth Opportunities Towards Advancement
Annual Report and Financial Statements for the financial year ended June 30, 2025*

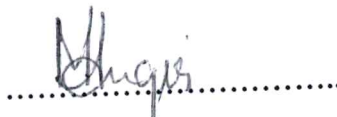
7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	FY 2024/25
		Kshs
Revenue		
Revenue Transfers	6	50,000,000.00
Miscellaneous Revenue		-
Total revenue		50,000,000.00
Expenses		
Employee costs	7	-
Use of goods and services	8	16,611,246.50
Depreciation and amortization expense		-
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total expenses		16,611,246.50
Other gains/(losses)		
Gain/Loss on sale of assets		-
Gain/Loss on foreign exchange transactions		-
Impairment loss		-
Surplus/ (deficit)		33,388,753.50

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



Shadrack M. Mwadime
Principal Secretary



Meldah Angir
Project Coordinator



CPA Moses Muga
Project Accountant
ICPAK Member No:14266

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

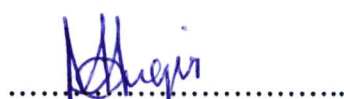
	Note	FY 2024/25	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	9	33,388,753.50	-
Receivables		-	-
Inventories		-	-
Prepayment		-	-
Total Current Assets		33,388,753.50	-
Non-Current Assets			
Property, Plant and Equipment		-	-
Total Non- Current Assets		-	-
Total Assets (a)		33,388,753.50	-
Liabilities			
Current Liabilities			
Trade and Other Payables		-	-
Total Current Liabilities		-	-
Total Liabilities (b)		-	-
Net Assets (a-b)		33,388,753.50	-
Represented By:			
Accumulated Surplus		33,388,753.50	-
Total Net Assets		33,388,753.50	-

The financial statements were approved on 30/9/2025 and signed by:


.....

Shadrack M. Mwadime

Principal Secretary


.....

Meldah Angir

Project Coordinator


.....

CPA Moses Muga

Project Accountant
ICPAK Member No:14266

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9. Statement of Changes in Net Assets.


Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	0
Adjustments:	
Asset Recognition	0
Liabilities recognition	0
As at 1st July 2024	0
Surplus/(Deficit) for the year	33,388,753.50
As at 30th June 2025	33,388,753.50

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

The financial statements were approved on 30/9/2025 2025 and signed by:



Shadrack M. Mwadime
Principal Secretary



Meldah Angir
Project Coordinator



CPA Moses Muga
Project Accountant
ICPAK Member No:14266

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

Description	Note	FY 2024/25
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers-GOK		-
Miscellaneous Revenue		-
Total receipts		-
Payments		
Employee costs		-
Use of goods and services	8	16,611,246.50
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total payments		16,611,246.50
Net cash flow from operating activities		16,611,246.50
Cashflow from investing activities		
Acquisition of non-financial assets		-
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		-
Cash flow from financing activities		
Transfers from Development partners (WB)	6	50,000,000.00
Net cash flow from financing activities		50,000,000.00
Net increase/Decrease in cash and cash equivalents		33,388,753.50
Cash and cash equivalent at 1st July 2024		-
Cash and cash equivalent at end June 2025	9	33,388,753.50

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		0	0	0	0	0%
Receipts						
Revenue Transfers	150,000,000	(90,000,000)	60,000,000	50,000,000	10,000,000	83%
Miscellaneous Revenue	-	-	-	-	-	0%
Total Revenue	150,000,000	(90,000,000)	60,000,000	50,000,000	10,000,000	83%
Payments						
Employee costs	-	-	-	-	-	0%
Use of goods and services	150,000,000	(90,000,000)	60,000,000	16,611,247	43,388,754	28%
Transfer to other Government Entities	-	-	-	-	-	0%
Other Transfers/Subsidies/Grants	-	-	-	-	-	0%
Certified Works	-	-	-	-	-	0%
Total Payments	150,000,000	(90,000,000)	60,000,000	16,611,247	43,388,754	28%
Surplus	-	-	-	33,388,754		56%

Budget notes

- Revenue Transfers:

The under receipt of revenue was due to disbursement ceiling by World Bank

- Use of goods and services

The underutilization of Use of goods and services was occasioned by long procurement process which overlapped to the financial Year 2025/26

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	33,388,754
1	Reason for differences	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	33,388,754

12. Notes to the Financial Statements

1. General Information

The State Department for Labour and Skills Development is established by and derives its authority and accountability from Executive Order No.1 of 2023. The State Department for Labour and Skills Development is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department for Labour and Skills Development's principal activity is to promote decent work, skills development and sustainable job creation.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, 2012 and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorized for issue by the accounting officer on 20, August 2025

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of a State Department for Labour</p>

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Standard	Effective date and impact:
	<p>and Skills Development.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>These changes have been assessed and the State Department for Labour and Skills Development asset will be impacted upon application of this standard.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>These changes have been assessed and at the moment they have no effect on the operations of the State Department for Labour and Skills Development.</i></p>
<p>IPSAS 45-Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>These changes have been assessed and the State Department for Labour and Skills Development assets will be impacted upon application of this standard</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at

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Standard	Effective date and impact:
	<p>recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>These changes have been assessed and the State departments assets and liabilities will be impacted upon application of this standard.</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a State Department for Labour and Skills Development shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>These changes have been assessed and the state departments assets and liabilities will be impacted upon application of this standard.</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Management has assessed the new standard, and it has no impact to the State Department.</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Management has assessed the new standard, and it has no impact to the State Department.</i></p>
<p>IPSAS 50: Exploration For & Evaluation of</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and

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Standard	Effective date and impact:
Mineral Resources	<p>evaluation expenditures.</p> <p>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.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>Management has assessed the new standard, and it has no impact to the State Department.</i></p>

iii) Early adoption of standards

The State Department for Labour and Skills Development did not early – adopt any new or amended standards in the financial year or The State Department for Labour and Skills Development adopted the following standards early (state the standards, reason for early adoption and impact on State Department for Labour and Skills Development financial statements.)

4. Summary of Significant Accounting Policies

1. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The State Department for Labour and Skills Development recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the State Department for Labour and Skills Development 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 State Department for Labour and Skills Development and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The State Department for Labour and Skills Development 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.

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the

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appropriate authorities. The additional appropriations are added to the original budget by the State Department for Labour and Skills Development upon receiving the respective approvals in order to conclude the final budget. Accordingly, The State Department for Labour and Skills Development recorded additional appropriations of (603,667,348) on the 2024/25 budget following the governing body's approval. The State Department for Labour and Skills Development's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section 16 of these financial statements.

c) 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) 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

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property, plant and equipment are required to be replaced at intervals, The State Department for Labour and Skills Development 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.

e) Intangible assets

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

f) Research and development costs

The State Department for Labour and Skills Development expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when The State Department for Labour and Skills Development can demonstrate:

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The State Department for Labour and Skills Development does not have any hedge relationships and therefore the

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ew 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 State Department for Labour and Skills Development and a financial liability or equity instrument of another State Department for Labour and Skills Development. At initial recognition, The State Department for Labour and Skills Development 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.

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Classification of financial assets

The State Department for Labour and Skills Development 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 State Department for Labour and Skills Development'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 the State Department for Labour and Skills Development has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, The State Department for Labour and Skills Development 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

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Recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where The State Department for Labour and Skills Development 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.

Financial Classification

The State Department for Labour and Skills Development classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

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

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

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

i) Provisions

Provisions are recognized when The State Department for Labour and Skills Development 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 State Department for Labour and Skills Development 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.

j) 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 State Department for Labour and Skills Development 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 State Department for Labour and Skills Development will incur in fulfilling the present obligations represented by the liability.

k) Contingent liabilities

The State Department for Labour and Skills Development 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.

l) Contingent assets

The State Department for Labour and Skills Development 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 State Department for Labour and Skills Development 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.

m) Nature and purpose of reserves

The State Department for Labour and Skills Development creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

The State Department for Labour and Skills Development recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

The State Department for Labour and Skills Development provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the State Department

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for Labour and Skills Development pays fixed contributions into a separate State Department for Labour and Skills Development (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.

p) 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.

q) 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.

r) Related parties

The State Department for Labour and Skills Development regards a related party as a person with the ability to exert control individually or jointly, or to exercise significant influence over The State Department for Labour and Skills Development. Members of key management are regarded as related parties.

s) Service concession arrangements

The State Department for Labour and Skills Development analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, The State Department for Labour and Skills Development recognizes that asset when, and only when, it controls or

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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 State Department for Labour and Skills Development also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

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liabilities within the next financial year, are described below. The State Department for Labour and Skills Development 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 State Department for Labour and Skills Development. 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:

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

Provisions

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

Notes to the financial statements

6. Revenue Transfers

Description	FY 2024/25
	KShs
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners (WB)	50,000,000
	-
Total Unconditional Transfers (a)	50,000,000
Conditional Transfers	
	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	50,000,000

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	0	0	-
World Bank	50,000,000	-	-	50,000,000
Subtotal	50,000,000	-	-	50,000,000
Deferred Income realized	-		-	-
Transfers in Kind	-			-
Total	50,000,000	-	-	50,000,000

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7. Employees Costs

Description	FY 2024/25
	<u>Kshs</u>
Basic salaries of permanent employees	0
Total	0

8. Use of Goods and Services

Description	FY 2024/25
	<u>Kshs</u>
Utilities, supplies and services	-
Bank charges	-
Communication, supplies and services	750,000.00
Domestic travel and subsistence	12,168,480.00
Foreign travel and subsistence	-
Fuel and lubricants	989,544.40
General office supplies	1,028,200.00
Stationery, Printing, advertising, and information supplies	178,422.10
Office rent	-
Training payments	-
Hospitality supplies and services	488,600.00
Insurance costs	-
Specialized materials and services	-
Other operating payments(Purchase of IT Accesories)	493,000.00
Routine maintenance – vehicles and other transport equipment	515,000.00
Routine maintenance- other assets	-
Total	16,611,246.50

9. Cash and Cash Equivalentents

Description	FY 2024/25	1 st July
	<u>Kshs</u>	<u>Kshs</u>
Cash in Bank	33,388,753.50	-
Cash on hand	-	-
Total Cash and Cash Equivalentents	33,388,753.50	-

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Project Bank Accounts

Details	FY 2024/25	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No.....]	-	-
Total Foreign Currency balances	-	-
Local Currency Accounts		
Central Bank of Kenya [A/c No 1000744348]	33,388,754	-
Total local currency balances	<u>33,388,754</u>	<u>-</u>
Total bank account balances	<u>33,388,754</u>	<u>-</u>

10.Special Deposit Accounts

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

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

Special Deposit Accounts Movement Schedule

Description	2024/2025	1 st July 2024
	EURO	EURO
(i) A/C Name [A/c 1000740949]		
Opening balance	0	0
Total amount deposited in the account	735,300	0
Total amount withdrawn	<u>660,6005</u>	<u>0</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>75,295</u>	<u>0</u>
(ii) A/c Name [A/c No1000740884]		
Opening balance (as per the SDA reconciliation)	0	0
Total amount deposited in the account	2,000,000	0
Total amount withdrawn	<u>1,990,005</u>	<u>0</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>9,995</u>	<u>0</u>

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(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as support these closing balance.

11. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the **National Youth Opportunities Towards Advancement** 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 Opportunities Towards Advancement**, holding 100% of the **National Youth Opportunities Towards Advancement** equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the **National Youth Opportunities Towards Advancement**, both domestic and external.

Other related parties include:

- i) The Ministry of Labour, Social Protection and Skills Development.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.

12. Events after the Reporting Period

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

13. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Labour, Social Protection and Skills Development. Its ultimate parent is the Government of Kenya.

14. Currency

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

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9. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	The project had no Audit issues			

Guidance Notes:

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



Shadrack M. Mwadime

Principal Secretary



Meldah Angir

Project Coordinator

National Youth Opportunities Towards Advancement
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Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					-
Buildings and structures					-
Motor Vehicle & Transport equipment	41,121,345.00				41,121,345.00
Office equipment, furniture and fittings	11,360,268.00				11,360,268.00
ICT Equipment	9,205,992.00				9,205,992.00
Machinery and Equipment	19,597,550.00				19,597,550.00
Biological assets					-
Infrastructure Assets- Roads, Rails					-
Heritage and cultural assets					-
Intangible assets					-
Work in Progress					-
Total	81,285,155.00	-	-	-	81,285,155.00

Bank Reconciliation Statement

REPUBLIC OF KENYA			
STATE DEPARTMENT FOR LABOUR			
A/C NO. 1000740348			
NYOTA 1184-BANK RECONCILIATION REPORT AS AT 30TH JUNE 2015			F.O. 30
	KSIL	CTS	KSIL
			CTS
BANK BALANCE AS PER BANK STATEMENT			
Less 1&2			42,459,320.00
1 Payment in cashbook not in bank			
2 Receipts in bank not in Cashbook			2,670,566.50
Sub-total			
Add: 3 & 4			
3 Payment in Bank not in Cashbook			
4 Receipts in Cashbook not in bank			
Sub-total			
BANK BALANCE AS PER CASHBOOK			33,388,753.50

"I certify that I have verified the Bank Balance in the cash book with the bank statement and that the above reconciliation is correct".

PREPARED BY: NAME CINDY KIMANI SIGNATURE [Signature]

CONFIRMED BY DUSOURE SIGNATURE [Signature]

REPUBLIC OF KENYA

CASH BOOK)

the Board of Survey on the Cash and bank Balances of State Department for Labour
 close of Business on 30th June 2025 the board, consisting
MUTHUMA M. MUGA & P. MWANGI assembled at the office of
SOB - CASH OFFICE at 10.00 a.m. on the
10.2.25 and the following cash was produced: -

Notes	---	Sh.	<u>NIL</u>
Silver	---	Sh.	<u>NIL</u>
Copper	---	Sh.	<u>NIL</u>
Cheques (as per details on reverse)	---	Sh.	<u>NIL</u>

It was observed that cheques amounting to Sh. NIL Cts
 on hand for more than 14 days prior to the date of the survey.
 : cash consists of East African currency and does not contain any demonetized coin or notes.
 look reflected the following balances as at the close of business on
30/6/2025

Cash on Hand	Sh.	<u>NIL</u>
Bank Balance	Sh.	<u>22,288,759.50</u>

Certificate of Balance showed a sum of Shs. 42,459,320.00
by two million, four hundred & fifty nine
thousand, three hundred & twenty only Cts

the credit of the account on 30th June 2025.
 e difference between this figure and the Bank Balance as shown by the Cash Book is
 for in the Bank Reconciliation Statement (F.O. 30) attached.

Stephen Muthuma	<u>[Signature]</u>	Chairman
Moses Muga	<u>[Signature]</u>	Secretary
Patrick Mwangi	<u>[Signature]</u>	Member

Members of the Board

Date 4/7/2025

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Bank Certificate



Head Office
P.O. Box 60810
Tel: 011-254-254-254

CERTIFICATE OF BALANCES

STATE DEPARTMENT FOR LABOUR AND SKILLED DEVELOPMENT

Customer: 131180

Account No.	Account Name	Currency	Balance
1000303166	REC-STATE DEPT LABOUR SKILLS DEV	KES	100,459,672.30
1000303174	DEV-STATE DEPT LABOUR SKILLS DEV	KES	27,225,624.90
1000303182	DEP-STATE DEPT LABOUR SKILLS DEV	KES	24,097,371.25
1000303204	CBK165-STATE DEPT LABOUR SKILLS DEV	KES	0.00
1000320467	KENYA YOUTH EMP OPP PROJ ACCOUNT A	KES	0.05
1000744348	NATIONAL YOUTH OPPORT TOWARDS ADVAN	KES	42,459,320.00

Mwaka
Mwaka
Authorised Signatory
Banking Services Division

Joyce Nasleku
Joyce Nasleku
Authorised Signatory
Banking Services Division

103
101

**NATIONAL YOUTH OPPORTUNITIES TOWARDS ADVANCEMENT PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA GRANT NO. TF C1509-KE (DA-D)
Bank Account No.: 1000740949 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		735,300.00
	Less:		
2	Total amount documented		-
3	Outstanding amount to be documented		735,300.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2025		75,295.00
5	Amounts claimed but not credited as at 30 June 2025		
6	Amounts withdrawn and not claimed		660,000.00
7	Service Charges (if not included in lines 5 and 6 above)		5.00
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		735,300.00

Discrepancy between total appearing on line 3 and 9 _____

Notes:

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

[Signature]

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 05-08-2025

100

100

100

NATIONAL YOUTH OPPORTUNITIES TOWARDS ADVANCEMENT PROJECT
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30 JUNE 2025

Credit No.: IDA LOAN CREDIT NO.73560, 73550, E2100-KE (DA-A, A1 & A1)
 Bank Account No.: 1000740884 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		2,000,000.00
	Less:		
2	Total amount documented		-
3	Outstanding amount to be documented		2,000,000.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2025		9,995.00
5	Amounts claimed but not credited as at 30 June 2025		
6	Amounts withdrawn and not claimed		1,990,000.00
7	Service Charges (if not included in lines 5 and 6 above)		5.00
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		2,000,000.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

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

Signature

AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 05-08-2025

Key

Details Confirmed correct.

OB Opening Balance

CB Closing Balance

Handwritten marks and symbols in the top right corner, including a small circle and several dots.

Faint, illegible handwritten text or markings in the upper left quadrant, possibly including a signature or a set of notes.

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Small handwritten mark or symbol at the bottom right corner of the page.