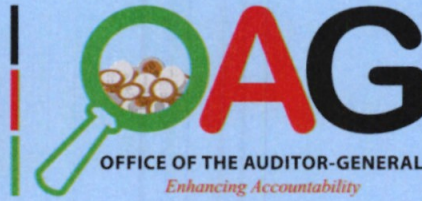


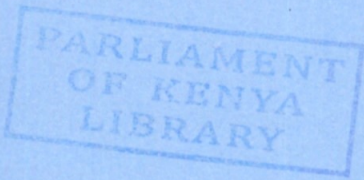
REPUBLIC OF KENYA



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY: WEDNESDAY
TABLED BY: OF	LEADER OF MINORITY PARTY (HON. KIMANI ICHINGWATH)
CLERK-AT-THE-TABLE:	J. LEMERELLE

THE AUDITOR-GENERAL



ON

NATIONAL YOUTH SERVICE

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





NATIONAL YOUTH SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

NATIONAL YOUTH SERVICE
Annual Report and Financial Statements
for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

AG	Attorney General
AIA	Appropriations in Aid
BSc	Bachelor of Science
CBS	Chief of the Order of the Burning Spear
CDF	Chief of Defence Forces
CEO	Chief Executive Officer
CG	Commandant General
CO	Commanding Officer
DCG	Deputy Commandant General
FY	Financial Year
HPSS	Humanitarian Peace Support School
HRM&D	Human Resource Management and Development
ICT	Information and Communication Technology
IHRM	The Institute of Human Research Management
ILO	International Labor Organization
IPSAS	International Public Sector Accounting Standards
KAA	Kenya Airports Authority
KDF	Kenya Defence Forces
KENHA	Kenya National Highways Authority
KEMRI	Kenya Medical Research Institute
KFS	Kenya Forest Service
KIPPRA	Kenya Institute for Public Policy Research and Analysis
Kshs	Kenya Shillings
MBA	Master of Business Administration
MBS	Moran of the Order of the Burning Spear
MDAs	Ministries, Departments and Agencies
MGH	Moran of the Order of the Golden Heart
MIS	Management Information Systems
MSc	Master of Science
NACADA	National Authority for the Campaign Against Drug Abuse
NDC	National Defence College
NEMA	National Environment Management Authority
NPS	National Police Service

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Acronyms and Abbreviations (Continued)

NYS	National Youth Service
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OGW	Order of the Grand Warrior
PAC	Public Accounts Committee
PFM	Public Finance Management
PMT	Paramilitary Training
PPE	Property Plant & Equipment
PP&AD	Public Procurement and Assets Disposal
PSASB	Public Sector Accounting Standards Board
PS	Public Service
SACCOs	Savings and Credit Cooperatives
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporations Advisory Committee
SCMS	Supply Chain Management System
SMEs	Small and Medium Sized Enterprises
SM/W	Servicemen and Servicewomen
TICAD	Tokyo International Conference on African Development
TNT	The National Treasury
TVETs	Technical and Vocational Education Training
UoN	University of Nairobi
VCDF	Vice Chief of Defense Forces

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 was established in 1964 under Cap 208 of the Laws of Kenya. It operated as a Department in various Government Ministries until the enactment of National Youth Service Act, 2018 which transformed it into a body corporate (*NYS Act, 2018 section 5*). NYS is domiciled in Kenya.

The Cabinet Secretary for Public Service, Gender and Affirmative Action is responsible for the general policy and strategic direction and represents NYS at the Cabinet level.

The Service has twenty-two (22) Branches/Field Units/Stations and seventeen (17) TVET Institutes spread across the country. The NYS Field Units are headed by Commanding Officers.

The Units include:

- | | |
|--|-----------------------------|
| 1. Nairobi Holding Unit (NHU) | 12. Lambwe Field Unit |
| 2. Mechanical and Transport Branch (MTB) | 13. Kerio Valley Field Unit |
| 3. NYS Engineering Institute (NYS EI) | 14. Yatta Field Unit |
| 4. Textile and Garment Technology Institute (TGTI) | 15. Athi River Field Unit |
| 5. NYS Vocational Training Institute (NYS VTI) | 16. Mavoloni Field Unit |
| 6. NYS College, Gilgil | 17. Turbo Field Unit |
| 7. NYS Technical Training Institute, Naivasha | 18. Tumaini Field Unit |
| 8. Garissa-Mbalambala Field Unit | 19. Kisumu Field Unit |
| 9. Tana Basin Road Project | 20. Kirimun Field Unit |
| 10. NYS Technical College, Mombasa | 21. Witu Field Unit |
| 11. Hindi Development Unit | 22. Mwatate Field Unit. |

The Field Units host TVET Institutes. College Principals head the Institutes.

(b) Principal Activities

i. Mandate

NYS has mandated to undertake the following activities (*NYS Act, 2018 section 7*): paramilitary training of its members; national service programs; technical and vocational training, professional and personal development programmes and activities for its members; enterprise and commercial activities; leadership development programs and activities for its members; cross-cultural activities for integration of its members; and assist the KDF, the NPS and other public authorities during emergencies, disasters, war or insurrection, or in execution of the mandates of the public authorities as the Council may determine.

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Key Entity Information and Management (continued)

ii. Vision

The Service envisions itself as a centre of excellence in transforming, training and empowering Kenyan youth.

iii. Mission

The mission of the Service is to develop disciplined and empowered youth, and to instil members and staff of the Service with virtues of patriotism, loyalty, integrity and commitment to duty and service for effective participation in national development.

(c) Key Management

The day-to-day management of the National Youth Service is under the Commandant General who is also the Chief Executive Officer/Accounting Officer of the Service in accordance with section 17 of the NYS Act, 2018.

The Commandant General is assisted by a team of senior managers including Deputy Commandant Generals, Directors and Heads of Departments.

No.	Designation	Name
1.	Commandant-General/CEO	Mr. James K. Tembur, MBS
2.	Deputy Commandant General, PMT & NS	Mr. Jamlick M. Chabari
3.	Deputy Commandant General, Operations & Logistics	Mr. Nicholas Makokha
4.	Director, Finance and Accounts	Mr. Francis N. Ndegwa
5.	Director, Technical and Vocational Training	Mr. Peter Maina King'ori
6.	Director, Supply Chain Management Services	Dr. James Kamau Kairu
7.	Director, Strategy and Planning	Ms. Jacklyn Makanda
8.	Director, Internal Audit	Ms. Maggy N. Munyasya
9.	Chief of Personnel	Ms. Rose Chenani
10.	Director, Commercial Enterprises & Marketing	Mr. Julius K. Thurania
11.	Director, ICT	Mr. Abdulkadir J. Waqo
12.	Head of Accounts	Mr. Elias Kimani Macharia

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Key Entity Information and Management (continued)

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June, 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commandant-General/CEO	Mr. James K. Tembur, MBS
2.	Deputy Commandant General, PMT & NS	Mr. Jamlick M. Chabari
3.	Deputy Commandant General, Operations & Logistics	Mr. Nicholas Makokha
4.	Director, Finance and Accounts	Mr. Francis N. Ndegwa
5.	Director, Technical and Vocational Training	Mr. Peter Maina King'ori
6.	Director, Supply Chain Management Services	Dr. James Kamau Kairu
7.	Director, Strategy and Planning	Ms. Jacklyn Makanda
8.	Director, Internal Audit	Ms. Maggy N. Munyasya
9.	Chief of Personnel	Ms. Rose Chenani
10.	Director, Commercial Enterprises & Marketing	Mr. Julius K. Thurania
11.	Director, ICT	Mr. Abdulkadir J. Waqo
12.	Head of Accounts	Mr. Elias Kimani Macharia

(e) Fiduciary Oversight Arrangements

- i. Parliamentary Oversight Committees (PAC)
- ii. Senior Management and HODs Committee;
- iii. Budget Implementation Committee;
- iv. Human Resource Management and Advisory Committee; and
- v. Corruption Prevention and Complaints Committee.

(f) Entity Headquarters

National Youth Service - Headquarters

Off Thika Super Highway, Ruaraka

P. O Box 30397 – 00100

NAIROBI, KENYA.

(g) Entity Contacts

Telephone: (254) 20 8563521

E-mail: commandant.general@nys.go.ke

Website: www.nys@go.ke

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Key Entity Information and Management (continued)

(h) Entity Bankers

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

2. Kenya Commercial Bank
Moi Avenue
P. O. Box 48400, GPO 00100
NAIROBI, KENYA

3. Cooperative Bank of Kenya
Upper Hill
P. O. Box 48231, GPO 00100
NAIROBI, KENYA

4. National Bank of Kenya
Harambee Avenue
P.O Box 72866, City Square 00200
NAIROBI, KENYA

(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
Harambee Avenue
P.O. Box 40112, City Square 00200
NAIROBI, KENYA

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3. The Council

S/No	Photograph/Name/Designation	Profile
1.	 <p data-bbox="300 730 711 846">Lt Gen (Rtd) Adan K. Mulata MGH, CBS, OGW, NDC (K), PSC(UK) CHAIRMAN, NYS COUNCIL From 23rd May, 2025</p>	<p data-bbox="746 315 1442 577">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 VCDF before retiring from active duty.</p> <p data-bbox="746 600 1442 862">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="746 884 1442 1104">Throughout his career, he contributed significantly to defence operations, modernization of the armed forces, and regional peace initiatives. He also served in other key capacities including: Commandant of the NDC and Commandant of the Kenya Navy.</p> <p data-bbox="746 1126 1442 1384">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, HPSS and providing capacity-building for peacekeeper. As a scholar, he has publications on governance, peacekeeping and conflict resolution.</p>
2.	 <p data-bbox="293 1839 721 1951">Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, NDC (K) CHAIRMAN, NYS COUNCIL Until 12th May, 2025</p>	<p data-bbox="746 1413 1442 1816">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>


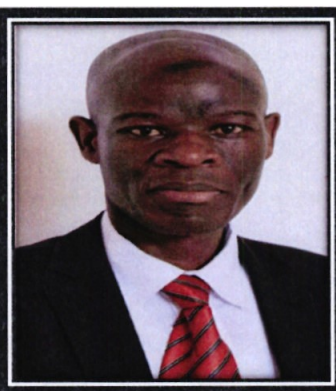

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S/No	Photograph/Name/Designation	Profile
3.	 <p data-bbox="359 638 662 694">Ms. Christine Achieng Odera INDEPENDENT MEMBER</p>	<p data-bbox="750 224 1444 728">Ms. Odera has a Master's in Development Policy and Practice from the Geneva Graduate Institute 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>
4.	 <p data-bbox="359 1220 662 1288">Ms. Caroline W. Kinyanjui INDEPENDENT MEMBER</p>	<p data-bbox="750 750 1444 1433">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>
5.	 <p data-bbox="359 1915 662 1971">Mrs. Mumbi Runji INDEPENDENT MEMBER</p>	<p data-bbox="750 1456 1444 1870">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. 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>



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S/No	Photograph/Name/Designation	Profile
6.	 <p data-bbox="352 674 663 730">Yussuf Abdi Gedi INDEPENDENT MEMBER</p>	<p data-bbox="746 226 1437 685">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>
7.	 <p data-bbox="344 1189 671 1267">Mr. Stephen Wambua Kakulu ALT. MEMBER, PS, PUBLIC SERVICE</p>	<p data-bbox="746 736 1437 1335">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 technoleader with 24 years of experience in Public Service with practical skills in public policy development & implementation, human resource management and development, cabinet memoranda development, corporate governance and project planning & management. Mr. Kakulu has served in various MDAs including the Ministry of Public Service & Human Capital Development as Director, HRM&D in the SDPS (current), Ministry of Education and the Teachers Service Commission. He is a full member of the IHRM and a Technical Standing Committee Member of the TICAD.</p>
8.	 <p data-bbox="320 1798 695 1883">Brig. Paul K. Koech, OGW, NDC(K), PSC (K) ALTERNATE MEMBER, CDF</p>	<p data-bbox="746 1352 1437 1525">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 KDF.</p>

**NATIONAL YOUTH SERVICE
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S/No	Photograph/Name/Designation	Profile
9.	 <p data-bbox="383 694 638 761">Mr. Daniel G. Wambugu ALT. MEMBER, AG</p>	<p data-bbox="750 212 1444 683">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 data-bbox="327 1254 694 1321">Mr. Michael Jasper Obonyo ALTERNATE MEMBER, PS, NT</p>	<p data-bbox="750 784 1444 1008">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>
11.	 <p data-bbox="343 1780 678 1848">Mr. Boru Abdi Hassan ALT. MEMBER, PS, YOUTH</p>	<p data-bbox="750 1321 1444 1545">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>

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S/No	Photograph/Name/Designation	Profile
12.	 <p data-bbox="325 645 687 701">Ms. Ann Ng'etich ALT. MEMBER, PS, INTERIOR</p>	<p data-bbox="746 226 1442 495">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 data-bbox="331 1189 683 1245">Mr. James Kipsiele Tembur, MBS CG/CEO/SECRETARY</p>	<p data-bbox="746 763 1442 1122">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.</p> <p data-bbox="746 1137 1442 1406">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); rehabilitation of dykes to control floods in Budalangi; and the formulation of the inaugural NYS Strategic Plan (2019- 2024).</p>

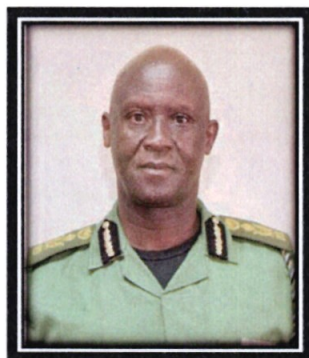
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4. Key Management Team

The following Officers were in charge of critical functions of the National Youth Service during the FY Ended June 30th, 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, Finance & Accounts
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)

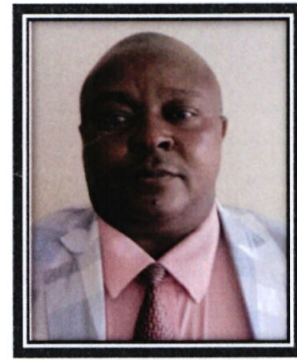
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Dr. James K. Kairu
Director, SCMS
PhD (Strategic Mngt.),
KISM



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



CPA, Elias Kimani Macharia
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

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5. Chairman's Statement

The National Youth Service (NYS) was established as a State Corporation following the enactment of the NYS Act, 2018. Section 7 of the Act outlines the mandate of the Service, which I am pleased to report that the NYS Annual Report and Financial Statements for the year ended June 30, 2025 has adeptly executed.

On behalf of the NYS fraternity, I wish to most sincerely thank His Excellency, the President for his unwavering support and guidance aimed at ensuring the National Youth Service carries out its mandate effectively and is financially sustainable. During the period under review, the NYS Council initiated the NYS re-engineering agenda aimed at implementing the eight (8) Business Plans through the NYS Enterprises and Service Ltd, whose registration is pending the approval by Cabinet. The operationalization of the Company will maximize the productivity of NYS farms; increase value addition and the revenue of the NYS, hence sustainability in four to five years. In turn, the return on these investments will support the phased implementation of the President's Directive to enlist 100,000 youth into NYS by FY 2027/2028 which began in the current reporting period by enlisting 15,000 and 20,000 youths in two cohorts.

The period under review, therefore, a number of achievements in terms of policy formulation and oversight were realized. Some of these achievements include the implementation of the NYS Strategic Plan for the period FY 2023/2024 – 2027/2028 developed in the previous period; operationalized the NYS Doctrine (2024), initiation of commercial enterprises within the eight (8) business plan framework, increased enlistment of youth from 15,000 to 20,000 recruits, upgrading of assets and infrastructure, and expansion of maize farming from a few hundreds to over 3,000 acres.

Following the release of the report of the National Taskforce on Review of the Terms and Conditions of service and other reforms for the National Police Service, Prisons Service and National Youth Service, NYS pursued its implementation with a number of consultations with stakeholders on development of an implementation framework as well as implementation of recommendation that were of operational and administrative nature, and those which required minimum funds.

The major challenges experienced during the year related to the increased intake of recruits by 5,000 youth in February, 2025 with a minimal budgetary allocation approved budget that would only cater for 10,000 recruits. This strained the existing infrastructure and the operational budget resulting into huge claims and pending bills of Kshs 5Billion.

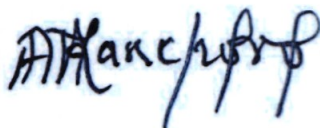
**NATIONAL YOUTH SERVICE
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Chairman's Statement (Continued)

To overcome this challenge, the Service wishes to appeal for additional funding to support minimum improvements and upgrade of critical infrastructure such as barracks and classrooms for the additional recruits and students as well as some personnel emoluments to facilitate employment of additional instructors at the Paramilitary Academies and Lecturers in the NYS Training institutions. The appeal has already been communicated to the National Treasury with a clear breakdown of the resource requirements. In the long term, the Service wishes to fully implement the 8 business plans. Some of the products and services produced will be consumed internally hence cutting down operational costs and the revenue generated can support a fair percentage of the Service's budget to ensure financial sustainability and independence.

Additionally, the Service performed well in terms of programmes' implementation and financial management. The National Youth Service remains committed to achieving its strategic targets.

I am grateful to the Government for the continued support and applaud the Council Members, Management and staff of the Service for their commitment and exemplary work. I am also grateful for the support of our collaborators whose contributions were an important addition to the exemplary performance of the Service during the year. Going forward, therefore, I am assured of the Service's capability to meritoriously discharge its mandate.



.....
**Lt Gen (Rtd) Adan K. Mulata
CHAIRMAN, NYS COUNCIL.**

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6. Report of the Chief Executive Officer

This is the Sixth (6th) Annual Report and Financial Statements since the establishment of the National Youth Service (NYS) as a State Corporation. The National Youth Service Management remains grateful to Government for the financial support worth **Kshs 9,555,151,437** in recurrent grants. In addition, the Service realized an AIA of **Kshs. 778,500,595** to complement the grants from the Government posting a total revenue of **Kshs. 10,333,652,032** to support the operations of the Service. As such a total expenditure of **Kshs. 12,940,977,319** was incurred, resulting into a deficit of **Kshs. 2,607,325,287**.

The aforementioned resources were utilized on realization of the mandate of the Service which has nine (9) critical programmes undertaken, namely: paramilitary training, national service, technical & vocational training of members of the Service, self-employment and decent work for youth, commercial and enterprise development, internal business processes, human resource management and development, and leadership, oversight and accountability. To this end, the Service enlisted 19,496 youth in February 2025 youth into the Service and trained 34,100 youth in paramilitary training in two cohorts during the reporting period. The Service further deployed 14,602 youth on various programmes of national interest such as provision of security services to critical Government installations, crowd control during national events and celebrations, execution of Presidential Directives, and undertaking of farming and general duty activities in NYS Field Units. Further, the Service enrolled 12,050 youth for technical & vocation training and trained a total of 35,308 youth.

The Service placed 1,501 youth on employment both locally and internationally. A total of 2,279 youth with talent and creative skills were identified and nurtured and linked to various talent development agencies including joining national teams and participating in leagues, tournaments and championships both at local and international levels.

In order to enhance financial sustainability of the Service, Kshs 196,227,381 was generated from various commercial projects including: certified potato production, garment production & provision of laundry services, bakery production, mineral water production and hire of vehicles, plant and machineries which were initiated in the previous reporting periods and eight (8) business plans were developed to guide investment in the agriculture, value chain, engineering and mechanization, hospitality, textile and garment, security, construction and general development services.

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To address human resource gaps, the Service undertook a training needs assessment and staff training projections, initiated skills gap analysis, upgraded ninety-seven (97) Chief Inspectors to the rank of Assistant Superintendent as part of the succession management plan, conducted preretirement training for eighty-three (83) officers, undertook Occupational Safety and Health training for 45 officers and a provost training for 203 officers, promoted one hundred and two (102) Inspectors to Chief Inspectors, twenty (20) Principal Lecturers to Senior Principal Lecturers, two (2) Animal Health Assistant II to Animal Health Assistant I, and three (3) Inspector Mechanical to Superintendent Mechanical, continued implementing human resource management practices, processes and procedures for recruitment and selection, appointment, confirmation, deployment, transfer, and promotions as provided in the Human Resource Instruments.

A number of set targets for the year were not achieved for various reasons. For instance, the Service managed to grow 3.6 million trees against a target of 10 million for lack of adequate space and various capital projects remained uncompleted due to inadequate allocation for the same.

Finally, I wish to reaffirm that the Service 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
COMMANDANT GENERAL/CHIEF EXECUTIVE OFFICER

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

The National Youth Service has nine (9) Key Result Areas (KRAs) within the current Strategic Plan for the FY 2024/2025 upon which the current annual work plans are based. Assessment of the Service's performance is done on a quarterly basis. The Service achieved its performance targets set for the FY 2024/2025 period for the nine (9) strategic pillars, as indicated in the table below:

Performance target	Achievements
1. Paramilitary Training and Service Regimentation	<ul style="list-style-type: none"> Recruited 19,496 youth comprising of 14,258 males and 5,238 females from all the Sub counties across the country. Trained two cohorts totalling 34,100 SM/W comprising of 14,604 SM/W (Male 10,084. Female 4,520 of which 32 were PWDs comprising of 21 males and 11 females) for cohort I who graduated on 26th August 2024. Cohort II comprised of 18,378 (13,448 males and 4,930 females, inclusive of 10 PWDs-8 males and 2 females), currently undergoing paramilitary training. The table below provides details of the two cohorts. During the year 729 recruits were discharged from the Service on various grounds including resignation, desertion and dismissal.
2. National Service and Youth Resocialization	<ul style="list-style-type: none"> Developed a national service deployment plan Deployed 14,602 SM/W (10,083 males and 4,519 females) to undertake various national service programmes. 2,121 SM/W enrolled in the TVET programme, while 1,584 SM/W exited the Service on various grounds, including resignations, desertions and dismissals. Undertook national service programmes and activities including agricultural production, security services, Presidential directives and disaster and emergency support in collaboration with Ministry of Agriculture, Metrological Department, KAA, and other agencies.
3. Technical, Vocational, Education and Training	<ul style="list-style-type: none"> During the period under review, the Service allocated courses and placed 12,050 SM/W (7,941 SM and 3,880 SW) in TVET, 9,929 SM/W in September 2024, and 2,121 SM/W placed in May 2025. A total of 35,308 SM/W were trained in various TVET courses, out of which 12,650 SM/W consisting of 9,244 S/M and 3,406 S/W graduated. The Graduation Organizing Committee, reconstituted in March 2025, finalized the list of Graduates and prepared a concept paper and action plan for the graduation. However, due to budget constraints, the approval was obtained in June 2025.
4. Youth Transition to Self-Employment and Decent Work	<ul style="list-style-type: none"> The Service during this contract period created job linkages and placed 1,501 SM/W and NYS graduates (1090 males and 409 females) on jobs both locally and internationally against a target of 1500 Identified and developed talents for 2,279 SM/W (1,132 SM and 1,147 SW) in various talent disciplines against a target of 600.

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Performance target	Achievements												
5. Commercial and Enterprise Development	<ul style="list-style-type: none"> The Service generated revenue amounting Kshs. 196,227,381.73 from commercial activities as tabulated below against a target of KShs. 540,000,000 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9ead3;">Commercial Project</th> <th style="background-color: #d9ead3;">Amount Generated (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Spring Water Bottling</td> <td style="text-align: right;">9,227,610</td> </tr> <tr> <td>Potato Seed Production</td> <td style="text-align: right;">376,000.00</td> </tr> <tr> <td>Bakery Production</td> <td style="text-align: right;">4,836,170.00</td> </tr> <tr> <td>Hire of Vehicles, Machinery and Construction</td> <td style="text-align: right;">183,312,241.73</td> </tr> <tr> <td>Total (Kshs)</td> <td style="text-align: right;">196,227,381.73</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The underachievement is attributed to delays in automation of the water bottling plant in Turbo; delays in installation of new bakery equipment, periodic breakdown of the existing bakery equipment and high cost of production ingredients. Potato seed production was affected by periodic electric power voltage variations, power outages and blackouts. The Service engaged 1,379 SM/W in the commercial activities. 	Commercial Project	Amount Generated (Kshs)	Spring Water Bottling	9,227,610	Potato Seed Production	376,000.00	Bakery Production	4,836,170.00	Hire of Vehicles, Machinery and Construction	183,312,241.73	Total (Kshs)	196,227,381.73
Commercial Project	Amount Generated (Kshs)												
Spring Water Bottling	9,227,610												
Potato Seed Production	376,000.00												
Bakery Production	4,836,170.00												
Hire of Vehicles, Machinery and Construction	183,312,241.73												
Total (Kshs)	196,227,381.73												
6. Research and Innovation	<ul style="list-style-type: none"> Sought the support of various MDAs and developed the Draft NYS Monitoring and Evaluation Framework. Developed a concept paper on solar powered grass cutter with a phone charge. Mentored 506 SM/W on Research and Public Policy in collaboration with KIPPRA. Allocated KShs. 5 million to support research and innovation 												
7. Strategic Partnerships and Collaborations Strengthened	<ul style="list-style-type: none"> Telkom Kenya on provision of internet services in Paramilitary Academy Gilgil, Turbo, Yatta, and Mombasa Field Units, Kenya Water Institute (KEWI) on training and consultancy services, ILO on leather skills training and production of leather shoes and products, Various MDACs on security services including State Department for Immigration, KAA, KENHA, KEMRI, Teachers Service Commission, Engineer Board of Kenya, and Garissa County Referral Hospital. 												
8. Policy, Legal and Institutional Framework Strengthened	<ul style="list-style-type: none"> Drafted the NYS Amendment Bill and submitted for approval, Finalized HR Instruments and submitted for approved, Developed and submitted Memorandum and Articles of Association for NYS Enterprises and Service Limited for approval, Reviewed Draft Policy on Part-time Teaching staff engagement and submitted for approval, Developed Draft NYS Workplace Sexual and Gender Based Violence Policy 												
9. Productivity Improvement	<ul style="list-style-type: none"> Submitted productivity metrics data and productivity index developed, Sensitized Commanding officers and Principals on strategies to improve NYS productivity index, and Submitted quarterly reports to the NPCC using the prescribed format. 												
10. Implementation of Presidential Directives	<ul style="list-style-type: none"> Grew 3,634,249 trees. Mobilized KDF, KFS, Huduma Centres, Kaimosi Friends University, Maseno and other schools and local communities to grow trees in various parts of the country. Received communication from the Head of Public Service on inclusion of a basic course in firearms in NYS curricula, Recruited 12,496 additional youth from all the Sub counties across the country against a target of 20,000. 												

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Performance target	Achievements
11. Affirmative Action in Procurement	<ul style="list-style-type: none"> • Access to Government Procurement Opportunities (AGPO) • NYS allocated Kshs. 2,765,117,488.86 worth of goods and services to youth, women, and PWDs against a target of KShs. 1,845,860,344. This translates to 44.09% achievement against a target of 30%. • Additionally, the Service allocated Kshs. 220,908,872.80 worth of goods and services to PWDs against a target of KShs. 36,916,126.88. This translates to 11.9% achievement against a target of 2% for PWDs. A summary of the procurement opportunities allocated to PWDs was submitted to NCPWD via dmd@ncpwd.go.ke. • Built capacity of the three target groups through training on government procurement procedures, requirements for accessing government procurement opportunities, and on the specific opportunities available in the Service. <hr/> <ul style="list-style-type: none"> • Promotion of Local Content in Procurement • KShs. 2,507,433,959.3 worth of the procurement budgets was allocated to goods and services produced locally against a target of KShs. 2,461,147,124.80.
12. Asset Management	<ul style="list-style-type: none"> • Updated and maintained the Service asset management register in line with the National Treasury's required format. Additionally, the Service maintained separate, updated asset registers for land; buildings, vehicles, plant machinery and equipment; biological assets, • Curled Livestock in full conformity to the existing legal requirements and incinerated 130 tons of old Uniforms, mattresses and blankets as per NEMA guidelines, • Valuation of equipment and preparation of report for completed valuation was ongoing. • Prepared and submitted quarterly reports to the National Treasury using the prescribed format.
13. Human Resource Management and Development	<ul style="list-style-type: none"> • Competence Development of staff • Undertook staff training needs assessment and submitted Staff training projections, • Initiated skills gap analysis report, • Upgraded ninety-seven (97) Chief Inspectors to the rank of Assistant Superintendent as part of the succession management plan, • Conducted preretirement training for eighty-three (83) officers, Occupational Safety and Health training for 45 officers, and provost training for 203 officers, • Promoted one hundred and two (102) Inspectors to Chief Inspectors, twenty (20) Principal Lecturers to Senior Principal Lecturers, two (2) Animal Health Assistant II to Animal Health Assistant I, and three (3) Inspector Mechanical to Superintendent Mechanical, • Continued implementing human resource management practices, processes and procedures for recruitment and selection, appointment, confirmation, deployment, transfer, and promotions as provided in the Human Resource Instruments. <hr/> <ul style="list-style-type: none"> • Youth Internships/Industrial Attachments/Apprenticeships • 726 youth comprising of 249 interns from the Public Service Commission and 477 student attachés were provided with internship and industrial attachment opportunities in their respective areas of specialization within NYS.
14. National Cohesion and Values	<ul style="list-style-type: none"> • Implemented measures to support the three (3) pillars of the Government Plan as outlined in the Bottom-Up Economic Transformation Agenda (2022-2027) through Agricultural Production by producing 2,014 tonnes of food, and Digital Superhighway and Creative Economy by engaging 2,279 SM/W in various talent activities. Created job linkages and

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Performance target	Achievements
	<p>placed 1,501 SM/W and NYS graduates, recruited 19,496 youth of diverse backgrounds, comprising of 14,258 males and 5,238 females from all the sub-counties in the country,</p> <ul style="list-style-type: none"> • Leveraged on digitization and automation of government processes to make 80% of government services online by developing MTB Equipment for Hire portal and NYS Recruitment Management portal and recruiting youth through the NYS Recruitment Management portal, SM/W course selection, completed development of a module, and fully on boarded MTB hire services on E-citizen platform • Enhanced adherence to the provisions of Article 10 of the Constitution through civic education, training and sensitization and mainstreaming of national values and principles of governance to 32,982 recruits during paramilitary training • Implemented measures to promote accountability and openness in the management of public affairs and institutions by disseminating reports on NYS programmes, projects and activities to various stakeholders including through social media.

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8. Corporate Governance Statement

The NYS 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:

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

Name	Position	Date of Appoint.	Attendance of Meetings (%)
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, TNT	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

- ii. The Board also undertook a Performance Self-Evaluation, facilitated by officers of the SCAC on 18th September, 2024.
- iii. Additionally, the Council undertook a visit of NYS Field Units which are spread across the Country to familiarize themselves with the institutions they are overseeing as well as assess the needs of each for advised policy direction and guidance.
- iv. 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.

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- v. 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 30th March, 2022), the FY 2024/25 Almanac and Annual Work Plan for each Committee as follows:

Name	Position	Attendance of Meetings (%)
1. Audit & Risk Management Committee (4 meetings held)		
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
2. Finance & Enterprise Development Committee (6 meetings held)		
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
3. Human Resource & Administration (6 meetings held)		
Miss Christine A. Odera	Chairperson	100
Mr. Stephen W. Kakulu	Member	83
Mr. Daniel G. Wambugu	Member	100
Brig. Paul K. Koech	Member	100
4. Operations, Training & Programmes Committee (4 meetings held)		
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

- vi. The Council, through its committees reviewed/developed the following policy instruments
- Finalized HR Instruments and submitted for approved,
 - Drafted the NYS Amendment Bill and submitted for approval,
 - Developed and submitted Memorandum and Articles of Association for NYS Enterprises and Service Limited for approval,
 - Reviewed Draft Policy on Part-time Teaching staff engagement and submitted for approval,
 - Developed Draft NYS Workplace Sexual and Gender Based Violence Policy

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- vii. 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.
- viii. 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.
- ix. 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

SECTION A

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 Millions	Kshs Millions	Kshs Millions	%
Total Revenues	10,333,652	12,039,935	(1,706,283)	(14.2)
Total Expenses	(12,940,977)	12,251,611)	(689,366)	5.6
Surplus/(Deficit)	(2,607,325)	(211,676)	(2,395,649)	1131.8

Financial Position	2024 /2025	2023/2024	Change	Change
	Kshs Millions	Kshs Millions	Kshs Millions	%
Non Current Assets	30,470,617	0,651,629	(181,012)	(0.6)
Current Assets	2,035,888	3,329,342	(1,293,454)	(38.9)
Total Assets	32,506,505	3,980,971	(1,474,466)	(4.3)
Current Liabilities	5,012,380	3,879,522	1,132,858	29.2
Total Liabilities	5,012,380	3,879,522	1,132,858	29.2
Net Assets	27,494,125	30,101,449	(2,607,324)	(8.7)

Revenue

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

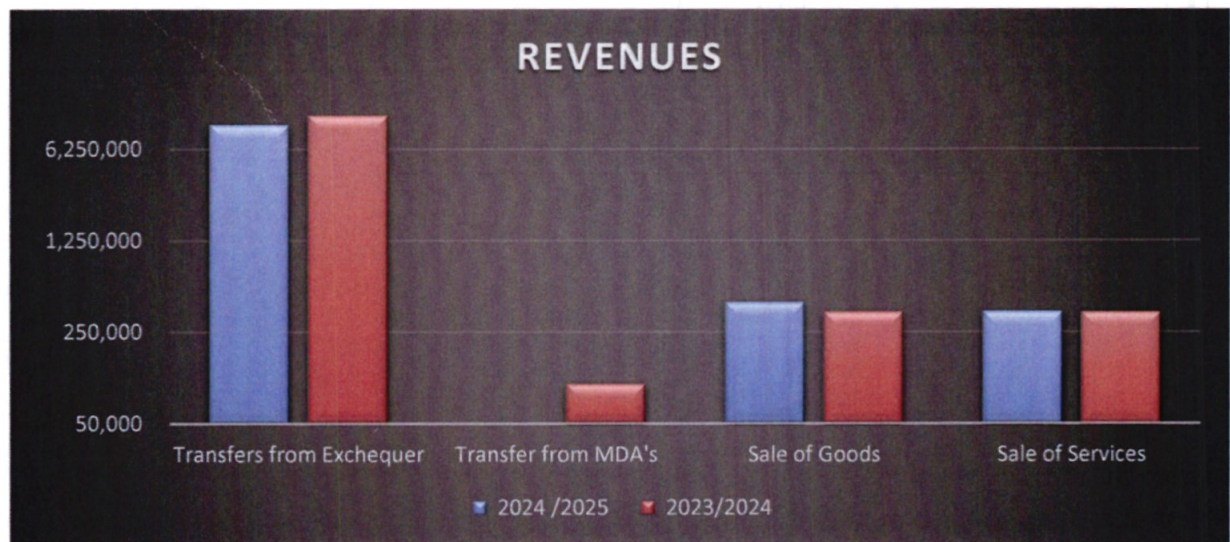
REVENUE	2024 /2025	2023/2024	Change	Change
	Kshs Millions	Kshs Millions	Kshs Millions	%
Transfers from Exchequer	9,555,151	11,231,742	(1,676,591)	(14.9)
Transfer from MDA's	-	100,000	(100,000)	(100.0)
Sale of Goods	421,832	354,439	67,393	18.9
Sale of Services	356,668	353,754	2,914	0.9
Total Revenues	10,333,651	12,039,935	(1,706,284)	(14.2)

The total revenue for the FY 2024/2025 decreased by Kshs 1.7 billion representing a 14.2% decrease mainly from reduced budget allocation from Exchequer by 1.67 billion. There was no receipt from MDA's as compared to the previous year.

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Management Discussion and Analysis (Continued)

The chart below summarizes the revenues for the current FY compared to the previous FY:



Expenditure

Below is a summary of the NYS expenditures as compared to the previous FY.

EXPENDITURE	2024 /2025	2023/2024	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Compensation of Employees	1,865,873	1,654,526	211,347	12.8
Use of Goods & Services	10,092,218	9,909,913	182,305	1.8
Repairs and Maintenance	449,446	213,597	235,849	110.4
Depreciation and Amortization	533,440	473,575	59,865	12.6
Total Expenditures	12,940,977	12,251,611	689,366	5.6

Total expenditure for FY 2024/2025 increased by 5.6% to Kshs. 12,940 million from Kshs. 12,251 million in FY 2023/2024, representing an additional Kshs. 689 million in operational costs. The expenditure increase was primarily driven by the Service's implementation of the President's Directive to enlist 100,000 youth into the Service by FY 2027/2028. The Service recruited and trained 32,728 servicemen and women (SMW) from an annual intake target of 10,000 during the review period. This 227% increase in recruit's intake created corresponding pressures across all expenditure categories with repairs and maintenance surging by 110%.

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Management Discussion and Analysis (Continued)

The breakdown of expenditure is shown in the chart below.



Assets:

The NYS assets comprise of non-current and current assets. Non-current assets include PPE, Intangible and biological assets while current assets include cash and cash equivalent, inventories and accounts receivables. PPE accounts for 90% of all NYS Assets.

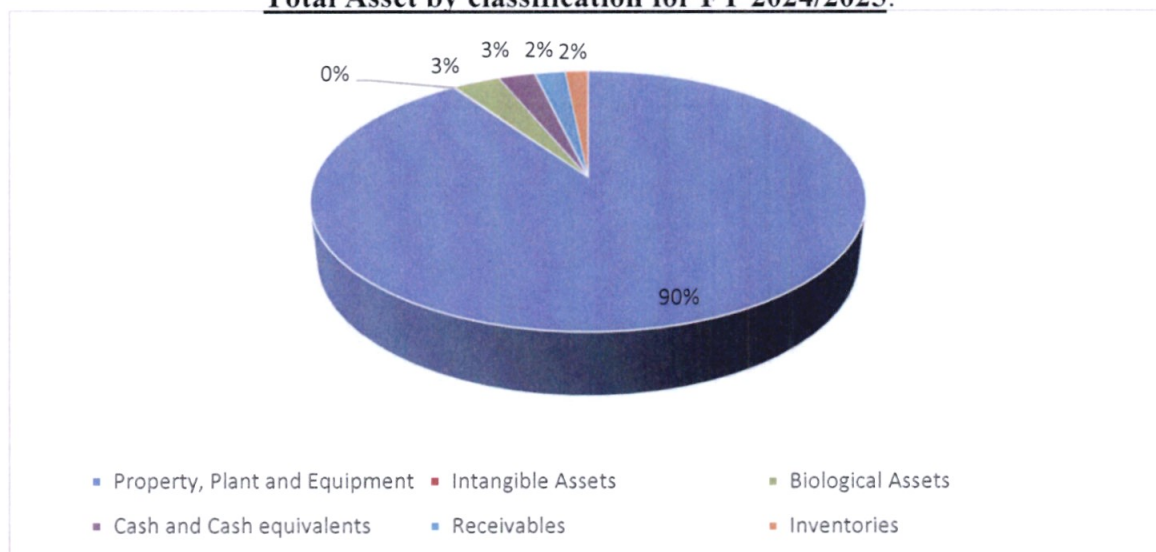
The breakdown of the composition of as assets is summarized below:

ASSETS	2024 /2025	2023/2024	Change	Change
	Kshs Millions	Kshs Millions	Kshs Millions	%
Property, Plant and Equipment	29,361,524	29,539,282	(177,758)	(0.6)
Intangible Assets	47,054	57,000	(9,946)	(17.4)
Biological Assets	1,062,040	1,055,347	6,693	0.6
Cash and Cash equivalents	825,554	2,349,316	(1,523,762)	(64.8)
Receivables	691,557	560,310	131,247	23.4
Inventories	516,266	419,716	96,550	23.0
TOTAL ASSETS	32,503,995	33,980,971	(1,476,976)	(4.3)

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Management Discussion and Analysis (Continued)

Total Asset by classification for FY 2024/2025:



Liabilities

NYS liabilities are comprised of trade payables and refundable deposits. The refundable deposits further include retention to suppliers and SM/W deposits (payable at exit point of SM/W).

LIABILITIES	2024 /2025	2023/2024	Change	Change
	Kshs Millions	Kshs Millions	Kshs Millions	%
Trade Payables	3,429,531	2,594,858	834,673	32.2
Refundable Deposits from Customers	1,582,850	1,284,664	298,186	23.2
TOTAL LIABILITIES	5,012,381	3,879,522	1,132,859	29.2

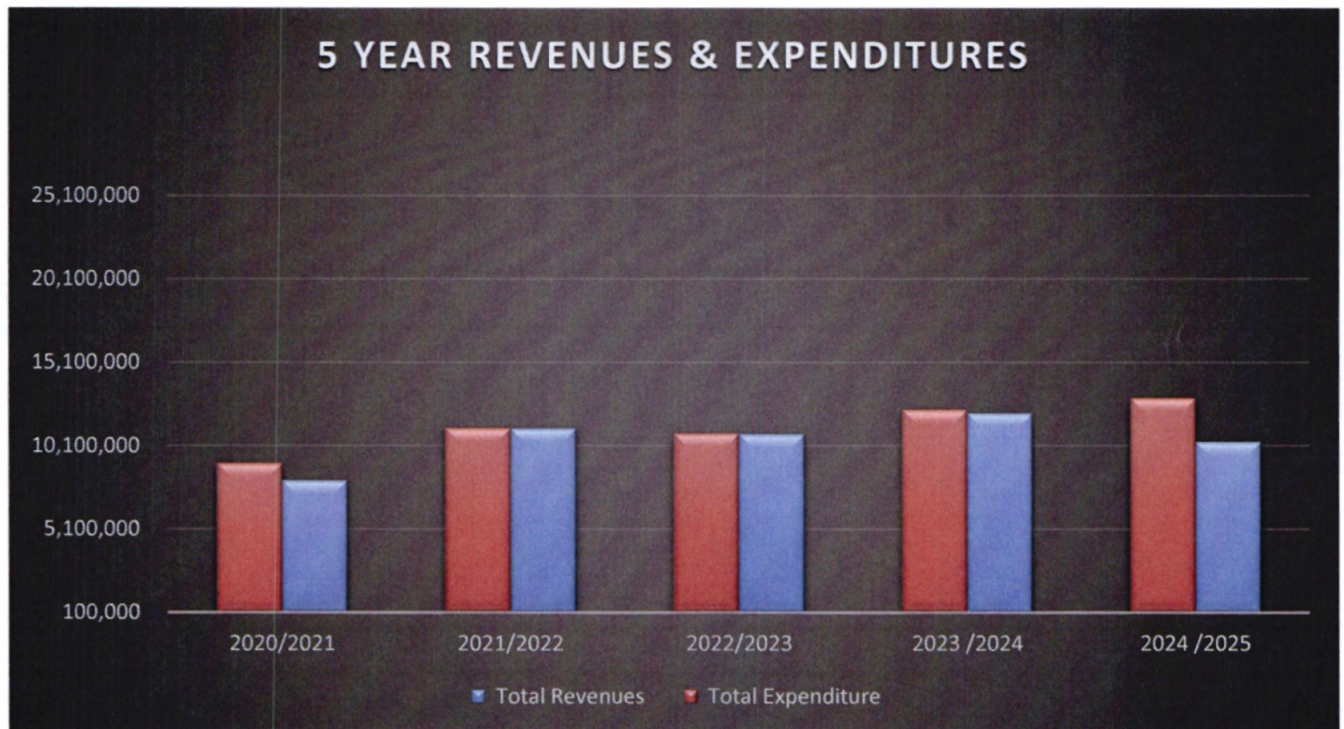
Trend Analysis for the last five financial years

	2024 /2025	2023 /2024	2022/2023	2021/2022	2020/2021
Revenue	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Transfers from Exchequer	9,555,151	11,231,742	10,140,227	10,300,227	7,393,461
Transfers from MDA's	-	100,000	-	-	211,984
Sale of Goods and Services	778,500	708,193	644,265	834,830	395,692
Total Revenues	10,333,651	12,039,935	10,784,492	11,135,057	8,001,137
% Changes	<i>(14.2)</i>	<i>11.6</i>	<i>(3.1)</i>	<i>39.2</i>	<i>(56.4)</i>
Expenditure					
Total Expenditure	12,940,977	12,251,611	10,813,866	11,140,684	9,030,944
% Increase/(Decrease)	5.3	11.7	(3.0)	18.9	(82.1)
Surplus (Deficit)	(2,607,326)	(211,676)	(29,374)	(5,627)	(1,029,807)
% Changes	<i>1131.8</i>	<i>620.6</i>	<i>422.0</i>	<i>(99.5)</i>	<i>(153.6)</i>

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Management Discussion and Analysis (Continued)

Assets	2024 /2025	2023 /2024	2022/2023	2021/2022	2020/2021
Non Current	29,408,578	29,596,282	29,313,968	29,528,501	430,225
Current Assets	3,097,928	4,384,689	4,670,657	3,777,323	3,206,140
Total Assets	32,506,506	33,980,971	33,984,625	33,305,824	3,636,365
% Changes	(4.5)	0.01	2.0	89.1	(23.0)
Liabilities					
Non Current	1,582,850	1,284,664	1,339,515	1,435,707	1,564,206
Current Assets	3,429,531	2,594,858	1,470,637	694,768	694,768
Total Liabilities	5,012,381	3,879,522	2,810,152	2,130,475	2,258,974
% Changes	22.6	27.6	24.2	(6.0)	(1.8)



SECTION B

NYS's compliance with statutory requirements

The Service is in compliance with its establishing Act, the NYS Act 17 of 2018, the PFM Act, 2012 and PFM Regulations 2015. The Service's procurement and asset disposal is also undertaken in accordance with the provisions of the PP&AD Act, 2015 and PP&AD Regulations, 2020. The Service has also complied with other legal requirements on the timely submission of statutory deductions to KRA.

SECTION C

Key projects of the Service.

The service has embarked on several projects in the field units as below;

- a. Horticulture farming and maize production at NYS Yatta complex.
- b. Bakery at NYS College Gilgil.
- c. Potato seedling farming at NYS Tumaini.
- d. Interlocking blocks and concrete production at NYS Athi River field unit
- e. Water bottling at NYS Turbo.

SECTION D

Major risks facing the Service.

Financial Risk – While the Service's operations are primarily funded through government exchequer releases (90%) with 10% raised internally through Appropriations-in-Aid (AIA), the Service remains vulnerable to year-on-year reduction in the Service budget. Additionally, the Service has over Kshs 14 billion in historical pending bills and claims accumulated between 2014 and 2018 that are yet to be settled.

Operational Risk – The Service increased its annual recruit's intake from 15,000 to 20,000 in line with the Presidential directive to have an annual intake of 100,000 recruits by the FY2027/2028. The increased intake resulted in significant strain on the Service's facilities and infrastructure.

Compliance Risk – The Service as a government institution is expected to comply with the various laws, regulations and circulars. The Service complied with all relevant laws, regulations and circulars.

SECTION E

Material arrears in statutory/financial obligations

The service has over Kshs 14 billion historical pending bills and claims which accrued between 2014 and 2018. Out of these Kshs. 2 billion were verified and approved for payment, however, the Service is yet to receive the funds for payment from the National Treasury.

SECTION F

The NYS's financial probity and serious governance issues

The service financial reports were given a qualified report by the office of the auditor general. With the good will of Government and increased partnerships and collaborations with other MDAs and the private sector, NYS is hopeful that much will be accomplished going forward.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	9,555,151,437.00	11,231,742,123.00
Development grants	0.00	42,031,250.00
Total Unconditional Grants	9,555,151,437.00	11,273,773,373.00
Conditional Grants amortised/ transferred to revenue	0.00	0.00
Total Government Grants and Subsidies	9,555,151,437.00	11,273,773,373.00

The Unconditional Development grants of Kshs. 42,031,250.00 FY 23/24 has been excluded from the statement of financial performance and included as part of Capital Fund.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The National Youth Service Sending the Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024/2025	2023/2024
	KShs	KShs	KShs	KShs	KShs
The National Treasury (Disaster Mitigation)	0	0.00	0.00	0.00	100,000,000.00
Total	0.00	0.00	0.00	0.00	100,000,000.00

7. Rendering Of Services

Description	2024/2025	2023/2024
	KShs	KShs
Security Services	198,519,697.00	172,184,712.00
Hire of facilities	18,519,082.00	139,402,792.00
Repairs and Renovation Services	137,055,849.00	0.00
Other Services	897,274.00	1,716,290.00
Total Revenue from The Rendering of Services	354,991,902.00	313,303,794.00

During the FY 2024/2025, the Service added to its portfolio Repairs and Renovation Services, which generated KShs 137.1million. This additional service successfully offset the significant decline in hire of facilities revenue, while the core security services continued its strong growth trajectory, resulting in overall revenue growth of 13% to KShs 354.1 million.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 NYS.
- 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. 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.

Summary of Significant Accounting Policies (Continued)

National Youth Service also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

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

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

Estimates and assumptions.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s) 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.

t) Related parties

The National Youth Service 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 National Youth Service, or vice versa. Members of key management are regarded as related parties and comprise the Council, the CEO/Commandant General and senior managers.

u) Service concession arrangements

The National Youth Service 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 National Youth Service 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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Contingent liabilities

The National Youth Service 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.

n) Contingent assets

The National Youth Service 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 National Youth Service 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.

o) Nature and purpose of reserves

The National Youth Service creates and maintains reserves in terms of specific requirements. These include;

- Capital Reserves
- Capital Fund
- Revaluation Reserves
- Accumulated Surplus/Deficit Reserves

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The National Youth Service 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) 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 National Youth Service.

k) Provisions

Provisions are recognized when the National Youth Service 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 National Youth Service 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.

l) 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 National Youth Service 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 National Youth Service will incur in fulfilling the present obligations represented by the liability.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the National Youth Service 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 National Youth Service 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 National Youth Service recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) 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 NYS does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Service's financial statements.

Financial assets

Classification of financial assets

The NYS 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 National Youth Service'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 NYS 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 NYS 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

However, if there is no reasonable certainty that the National Youth Service 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 National Youth Service. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

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

- i) The technical feasibility of completing the asset so that the asset will be available for use.
- 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.

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

The Service did not hold any investment property during the Current and Previous reporting periods.

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 National Youth Service 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 National Youth Service. 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 National Youth Service 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.

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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 National Youth Service and the same taxation authority.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

The NYS's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under 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 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

Sale of goods

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

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 NYS'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 30th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the NYS upon receiving the respective approvals in order to conclude the final budget. Accordingly, the National Youth Service recorded additional appropriations of **Kshs.220,900,000** on the 2024/2025 budget following the Council's approval.

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Notes to the Financial Statements (Continued)
Adoption of New and Revised Standards (Continued)

<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> x. Limited improvements to existing accounting practices for exploration and evaluation expenditures. xi. 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. xii. 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><i>Expected Impact:</i> The Service anticipates no material impact from implementing this standard.</p>
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iii. Early adoption of standards

The Service did not early – adopt any new or amended standards in the financial ended Juen 2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The National Youth Service 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 National Youth Service 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 National Youth Service 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

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Notes to the Financial Statements (Continued)
Adoption of New and Revised Standards (Continued)

<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Impact Assessment: Implementation expected to improve reporting consistency across the Service.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026</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> <p>Implementation Impact: Revenue reclassifications expected upon implementation, but no material impact on overall revenue reporting anticipated.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</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>Expected Impact: The Service anticipates no material impact from implementing this standard.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</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>Expected Impact: The Service anticipates no material impact from implementing this standard.</p>

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. <i>Expected Impact:</i> The Service anticipates no material impact from implementing this standard.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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. <i>Expected Impact:</i> The Service anticipates no material impact from implementing this standard.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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. <i>Expected Impact:</i> The Service anticipates no material impact from implementing this standard.

19. Notes to the Financial Statements

1. General Information

The National Youth Service (NYS) is established by and derives its authority and accountability from the NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Acts No. 17). The NYS is wholly owned by the Government of Kenya and is domiciled in Kenya. NYS's principal activities include but not limited paramilitary training and service regimentation; national service and youth re-socialization; technical and vocational training; commercialization and enterprise development; and research.

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 Service's 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. The NYS 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.

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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
Revenue						
Transfers from Other Govt entities	9,334,251,437.00	220,900,000.00	9,555,151,437.00	9,555,151,437.00	0.00	100%
Sale of Goods & Services	956,237,593.00	0.00	956,237,593.00	776,553,051.00	179,684,542.00	81%
Total Income	10,290,489,030.00	220,900,000.00	10,511,389,030.00	10,331,704,488.00	179,684,542.00	98%
Expenses						
Use of Goods and Services	7,904,565,642.00	0.00	7,904,565,642.00	7,663,957,967.00	240,607,675.00	97%
Employee costs	1,623,212,961.00	220,900,000.00	1,844,112,961.00	1,851,577,897.00	(7,464,936.00)	100.4%
Council Expenses	20,443,471.00	0.00	20,443,471.00	14,295,200.00	6,148,271.00	70%
Repairs and Maintenance	397,330,401.00	0.00	397,330,401.00	449,445,630.00	(52,115,229.00)	113%
Capital Expenditure	344,936,555.00	0.00	344,936,555.00	352,427,794.00	(7,491,239.00)	102%
Total Expenditure	10,290,489,030.00	220,900,000.00	10,511,389,030.00	10,331,704,488.00	179,684,542.00	98%
Surplus for the period	0.00	0.00	0.00	0.00	0.00	

- During the FY 24/25, the Service received an additional Kshs.220 million as additional budget in Supplementary I which catered for the implementation of the recommendations from the Maraga Taskforce on National Police Service, Prisons and National Youth Service Reforms.
- While the Service achieved a Kshs. 77million increase in Sale of Goods and Services compared to the previous year, it fell significantly short of the projected growth target (The Service had set a target for FY 24/25, increasing its sale of goods and services budget by Kshs. 220million from Kshs. 723million in FY 23/24 to Kshs. 956.2million. The 19% shortfall mainly resulted from heavy reliance on agricultural products which were affected by poor weather conditions, and unmet revenue projections from stitching of uniforms for the disciplined forces.

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

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		9,555,151,437.00	11,331,742,123.00
Rendering of services		354,991,902.00	313,303,794.00
Sale of goods		421,561,149.00	354,439,440.00
Other Income		1,947,544.00	40,450,099.00
Total receipts		10,333,652,032.00	12,039,935,456.00
Payments			
Use of goods and services		9,187,156,163.00	9,245,187,422.00
Employee costs		1,851,577,896.00	1,644,947,604.00
Board Expenses		14,295,200.00	9,578,200.00
Repairs and maintenance		449,445,630.00	213,596,893.00
Total payments		11,502,474,890.00	11,124,310,119.00
Net cash flows from/(used in) operating activities	27	(1,168,822,858.00)	926,625,337.00
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(352,427,794.00)	(261,899,816.00)
Development Fund Received		0.00	42,031,250.00
Net cash flows from/(used in) investing activities		(352,427,794.00)	(219,868,566.00)
Cash flows from financing activities			
Net cash flows from financing Activities		0.00	0.00
Net increase/(decrease) in cash & Cash equivalents		(1,521,250,652.00)	706,756,771.00
Cash and cash equivalents at 1 July	16	2,349,315,776.00	1,642,559,005.00
Cash and cash equivalents at 30 June	16	828,065,128.00	2,349,315,776.00

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


Description	Capital Reserve	Revaluation reserve	Retained earnings	Capital Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	29,901,312,641.00	0.00	975,272,596.00	297,890,000.00	31,174,475,237.00
Revaluation gain	(1,446,161,864.00)	542,780,356.00	0.00	0.00	(903,381,508.00)
Surplus/ (deficit) for the year	0.00	0.00	(211,675,215.00)	0.00	(211,675,215.00)
Development grants received	0.00	0.00	0.00	42,031,250.00	42,031,250.00
As at June 30, 2024	28,455,150,777.00	542,780,356.00	763,597,381.00	339,921,250.00	30,101,449,765.00
As at July 1, 2024	28,455,150,777.00	542,780,356.00	763,597,381.00	339,921,250.00	30,101,449,765.00
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Surplus/ deficit for the year	0.00	0.00	(2,607,325,287.00)	0.00	(2,607,325,287.00)
Development grants received	0.00	0.00	0.00	0.00	0.00
As at 30 June 2025	28,455,150,777.00	542,780,356.00	(1,843,727,904.00)	339,921,250.00	27,494,124,479.00

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15. Statement of Financial Position as at 30 June 2025

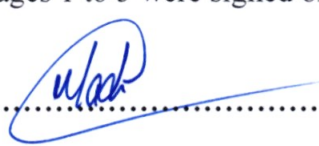
	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	828,065,128.00	2,349,315,776.00
Receivables from Exchange Transactions	17	691,556,589.00	560,309,812.00
Receivables from Non-Exchange Transactions	18	0.00	0.00
Inventories	19	516,266,230.00	419,716,455.00
Total Current Assets		2,035,887,947.00	3,329,342,043.00
Non-Current Assets			
Property, Plant and Equipment	20	29,361,523,549.00	29,539,282,396.00
Intangible Assets	21	47,053,619.00	57,000,189.00
Biological Assets	22	1,062,039,733.00	1,055,346,688.00
Total Non- Current Assets		30,470,616,901.00	30,651,629,273.00
Total Assets (A)		32,506,504,848.00	33,980,971,316.00
Liabilities			
Current Liabilities			
Trade Payables	23	3,429,530,527.00	2,594,857,598.00
Refundable Deposits from Customers	24	1,582,849,842.00	1,284,663,953.00
Taxation	25	0.00	0.00
Total Current Liabilities		5,012,380,369.00	3,879,521,551.00
Total Liabilities (B)		5,012,380,369.00	3,879,521,551.00
Net Assets (A-B)		27,494,124,479.00	30,101,449,765.00
Reserves		28,997,931,132.00	28,997,931,132.00
Accumulated Surplus		(1,843,727,904.00)	763,597,383.00
Capital Fund		339,921,250.00	339,921,250.00
Net Assets		27,494,124,479.00	30,101,449,765.00

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



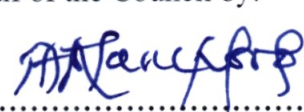
James K. Tembur
Accounting Officer

Date: 5/12/2025.....



Elias Macharia
Head of Accounts

ICPAK Member No.: 5492
 Date: 5/12/2025.....



Lt Gen (Rtd) Adan K. Mulata, MGH,
CBS, OGW, NDC(K), PSC(UK)
Chairman of the Council


Date: 5 Dec 2025.....

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

	Notes	2024 /2025	2023 /2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	9,555,151,437.00	11,231,742,123.00
Transfer from Ministries, Departments & Agencies	6(b)	0.00	100,000,000.00
		9,555,151,437.00	11,331,742,123.00
Revenue from exchange transactions			
Rendering of services	7	354,991,902.00	313,303,794.00
Sale of goods	8	421,561,149.00	354,439,440.00
Other income	9	1,947,544.00	40,450,099.00
Total revenue		10,333,652,032.00	12,039,935,456.00
Expenses			
Use of goods and services	10	10,092,218,424.00	9,909,912,943.00
Employee costs	11	1,851,577,896.00	1,644,947,604.00
Council Expenses	12	14,295,200.00	9,578,200.00
Depreciation and amortization expense	13	533,440,168.00	473,575,029.00
Repairs and maintenance	14	449,445,630.00	213,596,893.00
Total expenses		12,940,977,318.00	12,251,610,669.00
Surplus/ (deficit) before tax		(2,607,325,287.00)	(211,675,215.00)
Taxation	15	0.00	0.00
Surplus/(deficit) for the period/year		(2,607,325,287.00)	(211,675,213.00)
Remission to National Treasury	25	0.00	0.00
Net Surplus/(deficit) for the year		(2,607,325,287.00)	(211,675,213.00)


The notes set out on pages 6 to 36 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:


.....
James K. Tembur
Accounting Officer

Date.. 5/12/2025


.....
Elias Macharia
Head of Accounts

ICPAK Member No.: 5492
Date.. 5/12/2025


.....
Lt Gen (Rtd) Adan K. Mulata, MGH,
CBS, OGW, NDC(K), PSC(UK)
Chairman of the Council


Date.. 5 Dec 2025



APPENDIX 1: Unresolved Prior Year Matters

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Property, Plant and Equipment Balance
2	2023/2024	Unsupported Adjustments
3	2023/2024	Unsupported Refundable Deposits from Customers
4	2023/2024	Unconfirmed Receivables
5	2023/2024	Undisclosed Trade Payables
6	2023/2024	Understated Trade Payables
7	2023/2024	Long Outstanding Trade Payables
8	2023/2024	Unsupported Inventory Balances
9	2023/2024	Sustainability of Services
10	2023/2024	Budgetary Control and Performance
11	2023/2024	Stalled Construction of Housing Units at Vocational Training Institute- Industrial Area
12	2023/2024	Supply, Delivery and Installation of High- and Low-Level Pressed Steel Water Tanks, Booster Pumps and Tower Works (VTI Industrial Area)
13	2023/2024	Stalled Construction of Four- Storley Classrooms Block- and Workshop at NYS Engineering Institute- Ruaraka
14	2023/2024	Stalled Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute- Ruaraka
15	2023/2024	Non- Compliance with Employment Requirements for Persons with Disability
16	2023/2024	Failure to Enforce gender Balance in Employment
17	2023/2024	Hazardous Working Environment
18	2023/2024	NYS Council Membership

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

18 December, 2025

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

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

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

The Council is responsible for overseeing the Service'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.

5.3 Coast Region

Mwatate Field Unit has two generators, 1 portable generator single Phase 220-240 W that services the administration block and a generator purchased when the unit started operation that is yet to be installed for usage, the delay in installation has not been justified. There is no sufficient water for usage and they have to procure clean water for drinking and cooking 50KM away from station. There is poor road network and in addition to that unit has only one operational vehicle. Further the nearest health facility is located 20Km away from the station and with a bed capacity of 500 beds, the unit only has 200 mattresses that are usable and rest are in deplorable conditions. The unit has two stalled barracks which have stalled for more than 3 years now.

5.4 Hindi Field Unit

Hindi Field Unit has 6 barracks, 5 permanent and 1 temporal with capacity of 305 service men. However, the unit has a total of 403 service men. Further it was noted that (4) of the barracks are in deplorable conditions, due to bad weather conditions the windows are not in habitable conditions and need renovation. The unit lacks electricity, poor network connectivity that they have to make most of their transactions from Mombasa technical college Unit. The unit does not have water, they have to procure water for usage 30km away from station. There is no permanent fencing leading to invasion by wild animals that possess risk to staff and service women.

5.5 Mombasa Technical Training College

Mombasa Technical Training College has 5 barracks for women, 4 permanent and 1 temporal. The capacity of the barracks is four hundred and twenty (420) service women, it was however observed that the barracks currently holding a capacity of five hundred and thirty-five (535) service women, overstretch the women barracks by one hundred and fifteen (115) service women.

In the circumstances, the workforce may be exposed to frequent physical and psychological effects of unfriendly working environment

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 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.

develop risk management strategies and a system of risk management and internal control.

In the circumstances, the existence of effective measures to manage risks incase they crystallize could not be confirmed.

3. Unsafe Storage of Fuel

During physical verification of the Units, it was noted that the Service field units procure fuel and stores it in drums within unsecured storage areas. This storage method presents significant safety risks and possibility of losses due to fuel spillage.

In the circumstances, effectiveness in management of fuel in the Units could not be confirmed.

4. Hazardous Working and Living Environment

Physical verification conducted in November, 2025, revealed that the Service continued overreliance on firewood as source of fuel for cooking. This may have negative impact on the environment and on health of the users. Further, many structures in some Units and the Headquarters have asbestos roofing which may be hazardous to human beings.

In addition, some classes at engineering schools lacked electricity connection, ablution blocks were not functional in a four (4)-storey block at Headquarters. Congestion and inadequate ventilation was manifested in some class rooms.

In the circumstances, the effectiveness in conducive working environment could not be confirmed.

5. Lack of Adequate Facilities in the Service

Physical verification of various Units of the Service revealed inadequacies as described below:

5.1 Rift Valley Region

The paramilitary academy has a total of 16,875 service men and women and recruits that are housed within the academy. It was however noted that the bed capacity in the academy is 15,000 beds leading to deficit in beds of 1,875 beds. This is a clear indication that there is congestion in the accommodation facilities.

5.2 Eastern Region

The Yatta Field Unit revealed that the Unit has a strength of 2,774 which include 1,735 servicemen and 1,039 servicewomen. It was noted that the Unit is anticipating a total strength of 4,453 servicemen and women come the month of September 2025. However, the Field Unit has 35 barracks, 18 are permanent and 17 are semi-permanent holding 2,552 beds. This is a clear indication that there will be congestion in the accommodation facilities among others.

In the circumstances, the effectiveness of service delivery to the public could not be confirmed.

3. Gaps and Challenges in the Enterprise Resource Planning (ERP) System

The Service uses ERP system as the financial management system. The system was procured at an initial contract price of Kshs.58,913,571. However, it was noted that, the system had some inadequacies that includes inability to generate complete reports, detailed general ledger, detailed cashbook and payment registers. Further the ERP system lacks application interface with other systems such as mobile assets.

In the circumstances, the value for money for the system could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Financial Expertise in the Council

Audit review of the NYS Council revealed that none of the appointed Council members possess financial expertise as required under Section 1.1(6) of the Mwongozo Code of Governance for State Corporations which requires that at least one board member should have necessary qualifications and expertise in financial management and accounting. As such they are limited in their ability to.

In the circumstances, the Council may not have adequate capacity to carry out some of their responsibilities.

2. Lack of An Approved Risk Management Policy

Audit of the Service revealed that it is operating using a draft risk management policy that has not been approved contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to

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. Stalled Construction of Housing Units at Vocational Training Institute

As previously reported, the Service entered a contract for the construction of a twelve (12) unit flat at the Vocational Training Institute-Industrial Area, Nairobi at a contract sum of Kshs.49,105,721. However, the contractor abandoned the site after receiving the first payment of Kshs.7,111,432. Management re-advertised the works and awarded the contract for the completion at a contract cost of Kshs.61,098,319 for fifty-two (52) weeks commencing on 26 November, 2019. Physical inspection conducted in October, 2025 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Kshs.23,000,000.

In the circumstances, the Service has not realized value for money on the expenditure of Kshs.30,111,432 spent on the project.

2. Understaffing of the Service

Review of the Service's approved staff establishment indicated eight thousand, four hundred and seventy-two (8,472) employees as the optimal number for effective functioning of the Service. However, review of records provided for audit, including the staff establishment, personnel files and payroll, revealed that the Service has one thousand, six hundred and seventy-four (1,674) uniformed officers and three hundred and seventy-five (375) non-uniformed officers totalling two thousand and forty-nine (2,049) staff which represents only 24% of the staff establishment, resulting in a deficit of six thousand, four hundred and twenty-three (6,423) employees.

balance is an amount of Kshs.15,890,237,695 that relates to contracts (Historical Pending Bills). It was noted that the service requested The National Treasury letter Ref; NYS/ACCTS/2/3/(83) dated 31 July, 2025 for assistance on payment of those pending bills. However, there was no response verified from The National Treasury on the same. In addition, the Service might incur more expenses if lawsuits will be filed against Management.

2. Long Outstanding Refundable Deposits

The statement of financial position reflects refundable deposits balance of Kshs.1,582,849,842 as disclosed in Note 24 to the financial statements as at 30 June, 2025. The ageing analysis provided shows that a balance of Kshs.269,899,282 has been outstanding for a duration of more than three (3) years. The amount has been outstanding for more than ten (10) years and relates to money owed to youths involved in the Youth Empowerment Program. The efforts being put in place by the Service to reach, the individuals seem futile.

My opinion is not modified in respect of these matters.

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 the audit of the Service in 2024/2025 revealed that the issues remained unresolved as detailed in **Appendix 1**.

Other Information

Management is responsible for the Other Information set out on page v to xxxviii which comprise of Key Entity Information and Management, The Council, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council 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 National Youth Service 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

parcels of land have not been fenced and have been encroached by private developers. Although Management has initiated the process of demarcation of the respective parcels of land, the process has not been finalized. Similarly, the NYS Engineering Unit land has been encroached by private developers who have constructed structures on it.

Further, it was noted that there were land disputes in Mwatate Field Unit that has three hundred (300) acres of land which does not have clear boundaries and has been encroached by an informal settler from the local community. In addition, out of ten thousand (10,000) acres of Hindi Field unit, eight thousand, four hundred and fifty-six (8,456) acres have been encroached by informal settlers.

In the circumstances, the ownership of land valued at Kshs.20,204,051,400, could not be confirmed.

3. Unsupported Biological Assets

The statement of financial position reflects biological assets balance of Kshs.1,062,039,733 as disclosed in Note 22 to the financial statements. This balance relates to animals, breeding stock and timber trees at Service Field Units. However, there was no valuation report to support the balance.

In the circumstances, the valuation of the biological assets balance of Kshs.1,062,039,733 could not be confirmed.

4. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs.691,556,587 as disclosed in Note 17 to the financial statements. Included are receivables of Kshs.94,273,324 that relates to various customers which has been outstanding for more than three hundred and sixty (360) days with no agreed payment plan. In addition, there was no provision for bad and doubtful debts.

In the circumstance, recoverability of these receivables 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 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

1. Outstanding Contingent Liabilities

The statement of financial position reflects contingent liabilities balance of Kshs.17,569,517,364 as disclosed Note 30 to the financial statements. Included in this

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 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 National Youth Service Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.2,607,325,287 being an increase of Kshs.2,395,650,074 from a deficit of Kshs.211,675,213 reported in the previous year 2023/2024. In addition, the total current assets and liabilities as at 30 June, 2025 amounted to Kshs.2,035,887,947 and Kshs.5,012,380,369 respectively resulting to a negative working capital of Kshs.1,132,858,818. Further, included in the current liabilities balance of Kshs.5,012,380,369 is trade payables balance of Kshs.3,429,530,527 which excludes historical pending bills of Kshs.15,890,237,695 as disclosed in Note 30 to the financial statements on contingent liabilities.

The Service is therefore facing liquidity issues and may not be able to meet its obligations as and when they fall due. The financial statements have been prepared on a going concern basis assuming continued support from the Government.

In the circumstances, the accuracy, presentation and disclosure could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.29,361,523,549 as disclosed in Note 20 to the financial statements.

However, the following observations were made:-

2.1 Lack of Ownership Documents

Included in this balance is an amount of Kshs.20,204,051,400 for sixty- nine (69) parcels of land owned by the Service. However, ownership documentation was not provided for six (6) parcels of land.

2.2 Encroachment of Land

Review of records revealed that the Service has approximately two thousand two hundred and forty-seven (2,247) hectares of land in Yatta, Mavoloni and Athi River, However, the

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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 set out on pages 1 to 45 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

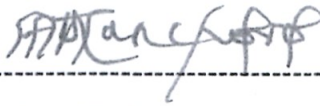
NATIONAL YOUTH SERVICE
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for the year ended June 30, 2025

Statement of Directors Responsibilities (Continued)

In preparing the financial statements, the Directors have assessed the National Youth Service's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the National Youth Service 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 National Youth Service's financial statements were approved by the Council on 5/1/21 2025 and signed on its behalf by:



Lt Gen (Rtd) Adan K. Mulata
Chairperson of the Council



James K. Tembur
Accounting Officer

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 7 of the NYS Act, 2018 requires the Directors to prepare financial statements in respect of that National Youth Service, which give a true and fair view of the state of affairs of the National Youth Service at the end of each financial year and the operating results of the National Youth Service for that year. The Directors are also required to ensure that the National Youth Service keeps proper accounting records which disclose with reasonable accuracy the financial position of the National Youth Service. The Directors are also responsible for safeguarding the assets of the National Youth Service.

The Directors are responsible for the preparation and presentation of the National Youth Service's financial statements, which give a true and fair view of the state of affairs of the National Youth Service for and as at the end of 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 National Youth Service; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the National Youth Service; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Youth Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and NYS Act, 2018 Section 7. The Directors are of the opinion that the National Youth Service's financial statements give a true and fair view of the state of National Youth Service's transactions during the financial year ended June 30, 2025, and of the National Youth Service's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the National Youth Service, which have been relied upon in the preparation of the National Youth Service's financial statements as well as the adequacy of the systems of internal financial control.

NATIONAL YOUTH SERVICE
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11. Report of the Council

The Council submits its report together with the audited financial statements for the year ended June 30, 2025, which show the state of the National Youth Service's affairs.

i) Principal activities

The principal activities of the National Youth Service continue to be; paramilitary training of its members; national service programs; technical and vocational training, professional and personal development programmes and activities for its members; enterprise and commercial activities; leadership development programs and activities

ii) Results

The results of the National Youth Service for the year ended June 30, 2025, are set out on page 1-36

iii) The Council

The members of the council who served during the year ended June 30, 2025 are shown on page ix to xiii.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. The National Youth Service did not make any surplus during the year (FY 2023/2024 Kshs Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Council


.....

James K. Tembur
Secretary to the Council

Environmental and Sustainability Reporting (Continued)

Throughout the year, the Service maintained rigorous human resource management practices, ensuring fair and transparent processes for recruitment and selection, appointment, confirmation, deployment, transfers and promotions in accordance with established Human Resource Instruments. These efforts collectively demonstrate the Service's unwavering commitment to staff welfare, professional development and creating an environment where every employee can thrive and contribute to the Service's excellence.

iv) Market place practices-

a) Responsible competition practice.

The Service has implemented various policies to ensure and guarantee responsible competition practices in all its engagements. The Service has an Anti-corruption and Bribery Policy, Fraud and Corruption Prevention Policy and a Communications Strategy.

b) Responsible Supply chain and supplier relations

The Service's procurement and asset disposal process is guided by the provision of the Public Procurement and Asset Disposal Act, 2015 and Regulations 2020. The Service ensured implementation of affirmative action guidelines and allocated 44% of its procurement of goods and services to AGPO against a target of 30% while PWD allocation was 12% against a target of 2%. The Service also advertised and signed framework contracts for various goods and services during the year.

v) Corporate Social Responsibility / Community Engagements

The Service mobilized the KDF, KFS, Huduma Centres, Kaimosi Friends University, Maseno University and other schools and local communities to plant trees across the country resulting in a total of 3.6 million trees being planted.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The Service implemented its Strategic Plan for the period FY 2023/2024 – 2027/2028. Part of the strategic plan objective is to ensure the Service attains own resource base and financial sustainability. To this end, the Service initiated the NYS Re-engineering agenda that aims at implementing eight business plans through the NYS Enterprise and Services Limited. The NYS Enterprise and Services Limited operationalization will significantly increase the productivity of the NYS farms through mechanization and value addition.

ii) Environmental performance

The Service aims to have environment friendly operations and has taken the lead in conservation efforts and initiatives. During the year the Service planted 3.6million trees across the country through mobilization of local communities around the Service’s field units, the KDF, KFS, Huduma Centres and other like-minded organizations. Yearly the Service generates tons of old uniforms, mattresses and blankets that are incinerated as per NEMA guidelines with 130 tons being processed in the reporting period.

iii) Employee welfare

The Service recognizes its employees are the most valuable asset. The Service is committed to fostering a supportive work environment where every employee feels valued and empowered to contribute meaningfully to our mandate.

During the year, the Service prioritized comprehensive staff development through structured competence assessments and targeted training interventions.

To strengthen our workforce and ensure organizational sustainability, the Service implemented strategic succession management initiatives where ninety-seven (97) Chief Inspectors were upgraded to Assistant Superintendent, one hundred and two (102) Inspectors were promoted to Chief Inspectors, twenty (20) Principal Lecturers were promoted to Senior Principal Lecturers, two (2) Animal Health Assistant II promoted to Animal Health Assistant I and three (3) Inspector Mechanical to Superintendent Mechanical.

The Service invested significantly in specialized training programs to enhance staff competencies and well-being. Eighty-three (83) officers received pre-retirement training to prepare them for the next phase of their lives, while 45 officers completed Occupational Safety and Health training to ensure workplace safety. Additionally, 203 officers underwent provost training to strengthen operational capabilities.

NATIONAL YOUTH SERVICE
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APPENDIX 2: Exchequer Transfers.

Name of the MDA /Donor Transferring the funds	Date received As per bank statement	Nature of Account Recurrent/Dev elopment	Total Amount (KES)	Where Recorded /recognized			
				Statement of Financial Performance	Capital Fund	Receivables	Total Transfers
State Department for Public Service	20Aug2024	Recurrent	777,854,286.00	777,854,286.00	0.00	0.000	777,854,286.00
State Department for Public Service	12Sept2024	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	16Oct2024	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	12Nov2024	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	10Dec2024	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	01Jan2025	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	13Feb2025	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	17Mar2025	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	10Apr2025	Recurrent	777,854,286.00	777,854,286.00	0.00	0.00	777,854,286.00
State Department for Public Service	13May2025	Recurrent	834,820,951.00	834,820,951.00	0.00	0.00	834,820,951.00
State Department for Public Service	10Jun2025	Recurrent	859,820,956.00	859,820,956.00	0.00	0.00	859,820,956.00
State Department for Public Service	27un2025	Recurrent	859,820,956.00	859,820,956.00	0.00	0.00	859,820,956.00
Total			9,555,151,437.00	9,555,151,437.00	0.00	0.00	9,555,151,437.00

**NATIONAL YOUTH SERVICE
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for the year ended June 30, 2025.**

Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>(52) weeks ending on 9th June, 2012 and was later extended by thirty-one (31) weeks to 12th January, 2013. However, as previously reported, the construction stalled in 2017 after payment of Ksh.81,884,550 equivalent to 92% of the contract swum against 95% of the works certified.</p> <p>Review of the project in February, 2024, revealed that the project is incomplete and Management did not provide measures being taken to complete the project. The incomplete works include electrical, plumbing and drainage that were originally valued at Ksh.4,778,265 as per the State Department of Public Works appraisal report dated 5th April, 2022.</p> <p>In the circumstance, value for money has not been realized twelve (12) years after the construction commenced.</p>			
Stalled Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute – Ruaraka				
	<p>As previously reported, the Service awarded the contract for the Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute Ruaraka to a construction company in May, 2011 at a sum of Ksh.192,000,000. The project commenced on 13th June, 2011 with a contract duration of eighty (80) weeks. The contractor was granted an extension period up to 13th March, 2017. The contractor, however, abandoned the site after receiving payments totalling Ksh.186,248,573, or 90% of the agreed contract sum. Site visit carried out in the month of March, 2024, revealed that no construction was ongoing and the contractor had abandoned the works. Further, huge visible cracks of the walls and floors were noted which continue to deteriorate. The Management claimed that the delay in completion was mainly due to delayed payments to the main contractor and sub-contractors.</p> <p>In addition, Management has not made any efforts to invoke the relevant clauses of the contract to surcharge the contractor for the delayed completion.</p> <p>In the circumstances, value for money has not been realized twelve (12) years after the construction commenced.</p>	<p>After joint evaluation of works done by three parties:- NYS, SDPW and the Contractor, the remaining works valued to Ksh.19.2 million for builders works, mechanical and electrical works.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>

NATIONAL YOUTH SERVICE
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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, value for money has not been realized on the project.			
Stalled Construction of Four-stored Classrooms Block and Workshop at NYS Engineering Institute - Ruaraka				
	As previously reported, the Service entered into a contract for the construction of a 12 Units flat at Vocational Training Institute-Industrial Area at a sum of Ksh.49,105,721. However, the contractor abandoned the site after receiving the first payment of Ksh.7,111,432. Management re-advertised the works and awarded the contract for completion of the project at a cost of Ksh.61,098,319 with a timeline of fifty-two (52) weeks commencing on 26 th November, 2019. However, physical inspection conducted in the month of march, 2014 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Ksh.23,000.000. In the circumstances, the Service has not realized value for money on the expenditure of Ksh.30,111,432 spent on the project.	The Contract period elapsed when works were at 60% construction, however the contractor has applied for first extension period that will be deliberated on between the National Youth Service (Client), SDPW and the Contractor for a way forward. Execution of works done up to lintel/ring beam awaiting roofing among other internal and external work to be declared complete.	Awaiting Parliamentary Committee Invitation.	Soonest
Supply, Delivery and Installation of High and Low Level Pressed Steel Water Tanks, Booster Pumps and Tower Works at VTI Industrial Area				
	As Previously reported in the financial year 2020/2021, the Service entered into a contract for supply, delivery and installation of high and low-level pressed steel water tanks, booster pumpless and tower works at Vocational Training Institute (VTI) Nairobi industrial area. The contract for a sum of Ksh.11,715,396 was signed on 03 September, 2019 for a period of sixteen (16) weeks ending on 31 October, 2020. However, the contractor abandoned the site on 23rd October, 2020 due to non-payment of certified works valued at Ksh.5,770,669. Site visit carried out in the month of March, 2024, revealed that the works had stalled and efforts between the Service, Nairobi Region Works Office and the contractor revealed that no progress had been made. In the circumstances, value for money has not been realized on the project.	Works execution was instituted up to 70% awaiting water reticulation lines, pump installation and commissioning of the project, however, the projected project time elapsed and partial handing contacted by SDPW and the Contractor in the presence of the client (NYS) representative.	Awaiting Parliamentary Committee Invitation.	Soonest
Stalled Construction of Four-stored Classrooms Block and Workshop at NYS Engineering Institute - Ruaraka				
	The Service entered into a contract for the construction of a four-storey classroom black and workshops at the NYS Engineering Institute in Ruaraka on 13 th April, 2011 at a sum of Ksh.88,794,355. The project was to take fifty-two	The works execution was done 100% and occupied by the anticipated team.	Awaiting Parliamentary Committee Invitation.	Soonest

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial performance reflects use of goods and services expenditure of Kshs 8,545,833.64 as disclosed in Note to the financial statements. Included in this amount is training expenses of Kshs 3,552,912,780 out of which Kshs 99,726,902 was paid to trainers and lectures as salaries. However, the payments were processed outside the IPPD Government payroll processing system. Further, the criterial used in hiring the tutors was not provided for verification.</p> <p>In the circumstances, the service was in breach of the public Service Policies and Procedures.</p>	<p>The Service do have training Schools on various programmes. The Service does not have enough teachers on this programme. In this case, the Service through approvals of the Council does hiring of Part-time lecturers to train the recruits.</p> <p>Since the Part-time lecturers lack personal number and are not full-time employees of the Service their pay cannot be effected into the IPPD system.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
Stalled Construction of Housing Units and Vocational Training Institute – Industrial Area				
	<p>As previously reported, the Service entered into a contract for the construction of a 12 Units flat at Vocational Training Institute-Industrial Area at a sum of Ksh.49,105,721. However, the contractor abandoned the site after receiving the first payment of Ksh.7,111,432. Management re-advertised the works and awarded the contract for completion of the project at a cost of Ksh.61,098,319 with a timeline of fifty-two (52) weeks commencing on 26th November, 2019. However, physical inspection conducted in the month of march, 2014 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Ksh.23,000.000.</p> <p>In the circumstances, the Service has not realized value for money on the expenditure of Ksh.30,111,432 spent on the project.</p>	<p>The Contract period elapsed when works were at 60% construction, however the contractor has applied for first extension period that will be deliberated on between the National Youth Service (Client), SDPW and the Contractor for a way forward. Execution of works done up to lintel/ring beam awaiting roofing among other internal and external work to be declared complete.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
Supply, Delivery and Installation of High and Low Level Pressed Steel Water Tanks, Booster Pumps and Tower Works at VTI Industrial Area				
	<p>As Previously reported in the financial year 2020/2021, the Service entered into a contract for supply, delivery and installation of high and low-level pressed steel water tanks, booster pumpless and tower works at Vocational Training Institute (VTI) Nairobi industrial area. The contract for a sum of Ksh.11,715,396 was signed on 03 September, 2019 for a period of sixteen (16) weeks ending on 31 October, 2020. However, the contractor abandoned the site on 23rd October, 2020 due to non-payment of certified works valued at Ksh.5,770,669. Site visit carried out in the month of March, 2024, revealed that the works had stalled and efforts between the Service, Nairobi Region Works Office and the contractor revealed that no progress hand been made.</p>	<p>Works execution was instituted up to 70% awaiting water reticulation lines, pump installation and commissioning of the project, however, the projected project time elapsed and partial handing contacted by SDPW and the Contractor in the presence of the client (NYS) representative.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>

**NATIONAL YOUTH SERVICE
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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																
Other Matter Unresolved Prior Year Audit Issues																				
	In the audit report of the previous year, several issues were raised under the Report on Financial Statements. Report of Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved some of the issues nor provided explanations for the failure to resolve the issues	The Service attended the invite by the Public Investment Committee and forwarded the response to the issues that were raised by the auditor. However, the Service is waiting for the recommendation of the Committee.	Awaiting Parliamentary Committee Invitation.	Soonest																
Over-Establishment of Uniformed Staff																				
		<p>Review of staff establishment for uniformed Staff revealed overstaffing in three (3) positions, of: Assistant Direct, Senior Superintendent and Superintendent as shown below. Management did not provide explanation for the overstaffing in the senior management positions.</p> <table border="1" data-bbox="1072 815 1682 1023"> <thead> <tr> <th>Position</th> <th>Approved Establishment</th> <th>In-post</th> <th>Over-Establishment</th> </tr> </thead> <tbody> <tr> <td>Assistant Director</td> <td>14</td> <td>30</td> <td>16</td> </tr> <tr> <td>Senior Superintendent</td> <td>36</td> <td>52</td> <td>16</td> </tr> <tr> <td>Superintendent</td> <td>57</td> <td>62</td> <td>5</td> </tr> </tbody> </table> <p>Management did not provide explanation for the overstaffing in the senior management positions.</p>	Position	Approved Establishment	In-post	Over-Establishment	Assistant Director	14	30	16	Senior Superintendent	36	52	16	Superintendent	57	62	5		
Position	Approved Establishment	In-post	Over-Establishment																	
Assistant Director	14	30	16																	
Senior Superintendent	36	52	16																	
Superintendent	57	62	5																	
Non-Compliance with One-Third of Basic Salary Rule																				
	Review of payroll revealed that one hundred and fifty-six (156) employees were paid a net salary of less than a third (1/3) of their basic pay in June, 2023. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. No explanation was provided for the breach of law on payment of salaries and allowances.																			
Payment of Salaries Outside the Integrated Personnel and Payroll Database (IPPD)																				

NATIONAL YOUTH SERVICE
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for the year ended June 30, 2025.

Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statements of financial position reflect trade and other payables balance of Kshs 1,470,636,573 as disclosed in Note 22 to the financial statements. The balances include payables totalling Kshs 740,530,463 which were not supported by a ledger and payment vouchers. Further, pending bills amounting to Kshs 15,883,937,683 which were submitted to the Pending Bills Verification Committee were not included in the financial statements. In addition, the delay in paying these bills has led to legal cases which may result to monetary losses by way of legal fees and penalties.</p> <p>In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs 1,470,636,573 could not be confirmed.</p>	<p>The balance of payables of Kshs 740,530,463.00 was for all Merchants payment vouchers that were never paid at the end of the year.</p> <p>This was a Collection of payment from different sections and stages of the systems. It included all the LPOs, PVs in the system and those payments processed in the system but failed due to liquidity problem and non-compliance issues. The same has been forwarded to auditor both hand and soft copy for verification.</p> <p>The Service also adopted historical pending Bills amounting to Kshs 15,883,937,653 which has been verified and approved. The Service has been in past years incorporating these bills in the budget but due to exchequer factor they are usually carried forward to the next financial year budget until the funds are availed from exchequer. This has been so, and thus we do not have control over this.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
Emphasis of Matter Budgetary Control and Performance				
	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Ksh.12,913,132,673 and Kshs 10,540,854,163 respectively, resulting to an underfunding of Ksh.2,372,278,510 or 18% of the budget. Similarly, the Service spent Kshs 10,558,354,16 against an approved budget of Ksh.12,941,677,676 resulting to an under absorption of Ksh.2,383,323,513 or 18% of the budget. However, the underperformance in revenue collection and under-expenditure was not explained by way of notes contrary to the guidelines issued by the Public Sector Accounting Standards board which provides that material variances of 10% and above be explained in a note.</p> <p>The underfunding and under-absorption affected the planned activities and may have impacted negatively on service deliver to the public.</p>	<p>The Service advertently forgotten to make this note as a disclosure. However, the differences were due to factoring of historical pending bills of Ksh.2,049,000,000 which was never funded, thus making them huge shortfall on exchequer receipt and also expenditure of equal value</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>

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

Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial position reflects refundable deposits from customers amounting to Kshs 1,339,515,130 as disclosed in Note 23 to the financial statements. The amount includes retention monies from contractors of Kshs 33,999,266 and other despots-cohorts, waters, kitchen and allowances payable to servicemen and women of Kshs 344,308,974. However, the retentions from contractors of Kshs 33,999,266 were not supported with retention money register, ledgers and aging analysis. Further, as previously reported, the other deposits-cohorts, wages, kitchen and allowances payable to servicemen and women of Ksh.344,308,974 are in respect to cohorts that were engaged during the six (6) months Youth Empowerment Programme between September, 2014 and February, 2015. Management did not provide satisfactory explanation for the delay in paying the cohorts.</p> <p>In the circumstance, the accuracy and completeness of the refundable deposits from customers totaling Kshs 378,308,240 could not be confirmed.</p>	<p>The retention forms part of deposit to third parties and such the system in place at that time was under implementation stage. However, currently the regular ledger and aging list as available for review. The Service in collaboration with the department of Interior has tried to reach out the affected Youth. So far, the Service was able to clear over 400million. The remaining Youth, efforts are in place to make sure their dues are disbursed, otherwise the funds are intact and safe as the service tries to trace them.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest.</p>
Outstanding Receivables from Exchange Transactions				
	<p>The statement of financial position reflects receivables from exchange transactions balance of Kshs 851,619,418 as disclosed in Note 17 to the financial statements. This balance includes Kshs 377,696,716 in respect of service, hire services of servicemen and women. The balance increased by Ksh.354,515,508 or 1,500% compared with the previous year balance of ksh.23,181,208 which indicates inadequate measure son debt collection. Further, the inter-units' debtors have raised by 37% from Kshs 284,936,674 in the prior year to Kshs 391,955,435. Management did not provide explanation on the failure to collect the debts. Further, no specific provisions by way of bad debt provision have been made in the financial statements to recognize the likely impairment.</p> <p>In the circumstances, the recoverability and completeness of the receivables from exchange transactions balance of Kshs 851,619,418 could not be confirmed.</p>	<p>The Service through the governing council has approved the accounting manual which inter alia includes the credit policy among others. The Service has also created the revenue section that oversees the recording, receiving of revenue and follow up of the debts both internal and external. The situation is different now. The accounting manual has been availed to auditor for verification</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
Long Outstanding Trade and Other Payables				

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Parliamentary Committee on Public Investment and the response of the Committee is being awaited.		
2.	A shortfall of Kshs 43,740,281 in the statement of comparison of budget and actual amounts.	The matter was responded to in the prior year.	Not resolved	31 st December, 2023
	Unexplained 100% decline of transfers from MDAs compared to Kshs 211,984,338 reported in the previous year (2020/2021).	The matter was responded to in the prior year.	Not resolved	31 st December, 2023

Unsupported Property, Plant and Equipment Balance

1.	<p>The statement of financial position reflects property plant and equipment balance of Kshs 30,253,103,894 as disclosed in Note 20 to the financial statements. However as previously reported, the Service did not maintain a complete and accurate asset register with information relating to the assets on type of the asset, date of acquisition, supplier cost, location, code, current values, remaining useful life and salvage value. Further, the assets have not been tagged for tracking and identification.</p> <p>In addition, the Service has approximately two thousand two hundred and forty-seven (2,247) hectares of land in Yatta, Mavoloni, Athi River, Mombasa Technical institute and Mwatate. However, the parcels of land have not been fenced and are encroached. Although Management has initiated the process of demarcation of the respective parcels of land, the process has not been finalized. Similarly, the NYS engineering Unit land has been encroached by private developers who have constructed structure on it and therefore, the Service risks losing the land due to encroachment by informal settlers. In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Ksh.30,253,103,894 could not be confirmed.</p>	<p>The assets register is a document that requires updating day in day out. There before all the assets and liabilities were reported and controlled by the mother department.</p> <p>Currently the Service has tried to create, update and maintain the assets register as required by the law. However, at the time of audit the asset register was at its primary stage of compilation and that why some of the columns were not updated. So far, the tagging exercise is completed and updated. It is also worth to note that some of these assets are old and still in use, the details of suppliers and date of acquisition is a challenge to get. In this case, the date of developing this asset register may be assumed as the date of some assets that are in good shape, good condition and in proper use as date of acquisition, A copy of updated Asset register is readily available for audit verification</p>	Awaiting Parliamentary Committee Invitation.	Soonest.
Unsupported Refundable Deposit from Customers				

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	Lack of a retention money register, ledgers and aging analysis for Kshs 41,757,564 from contractors and Kshs 321,370,062 worth of allowances payable to SM/W.	The documents have been identified and ready for submission	Not Resolved	31 st December, 2023
	Unexplained delay in paying the cohorts that were engaged between September 2014 and February, 2015 a sum of Kshs 321,370,062 .	The Service has planned a visit in November, 2023 to all sites that implemented the Programme with an aim to trace the beneficiaries so as to process their payments.	Not resolved	31 st December, 2023
4.	Unsupported payment for water utility bills at NYS College, Gilgil of Kshs 4,096,211 in August, 2021 vide V/No. 402 yet Kshs 17,397,654.50 was paid to the same company for June, July and August, 2021 for the utility.	Kshs 17,397,654.50 paid in advance was an estimation of the bills for the months of June, July and August and Kshs 4,096,211 paid in August, 2021 was the actual balance for that month.	Not resolved	31 st December, 2023
5.	5.1. Unsupported acquisition of computers and related hardware worth Kshs 12,611,943 .	The documents have been identified and ready for submission	Not resolved	31 st December, 2023
	5.2. Incomplete fixed asset register and untagged assets.	A committee has been constituted to coordinate the updating of fixed assets register. The tagging process commenced and is ongoing.	Not resolved	31 st December, 2023
	5.3. Encroachment of NYS land for lack of fences.	The Service has confirmed that there is no NYS land that is encroached on as 30 th June, 2023 and no dispute was reported.	Not resolved	31 st December, 2023
Other Matters				
1.	Unresolved prior year audit issues.	The matters were responded to through a meeting with the	Not resolved	31 st December, 2023

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20. Appendices

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

Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments				Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)				
1.	Unreconciled variances between the Financial Statements and the General Ledger as follows:	The review of the stated accounts is ongoing and the reconciliation will be done once concluded.				Not Resolved	31 st December, 2023				
	No.							Account Description	Ledger Bal.	Fin. Stat. Bal	Variance
	1.							Women Supplies	30,415,490	32,411,030	-1,995,540
	2.							Dressing	24,916,540	54,021,384	-29,104,844
	3.							Supplies for production	299,421,961	299,615,6211	-193,250
	4.							Fungicides, insecticides	54,794,410	54,962,910	-168,500
	5.							Veterinarian services	15,814,855.25	15,261,320	553,535.25
	6.							Education & Library supplies	55,610,805	73,955,750	-18,344,945
	7.							Contracted professional services	215,684,986	1,237,900	-214,447,086
	8.							Tax arrears	0	52,536,869	52,536,869
	9.							Electricity	134,816,639	139,460,062	-4,643,423
	10.							Water	52,178,213	51,004,033	1,174,180
	11.							Gas	30,243,458.90	34,844,259	-4,600,800
12.	Travelling & Accommodation	143,331,159	124,913,201	18,417,958							
	Total Uncorrected Variance (Kshs)	1,057,228,517.15	3,630,764,929	-200,815,845.75							
2.	Unsupported revenue of Kshs 115,322,313 from rendering of security services.	The ledgers, schedules and bank statements have been identified and ready for submission				Not Resolved	31 st December, 2023				

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Notes to the Financial Statements (Continued)

30. Contingent Liabilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Contingent Liabilities		
Court Cases against the NYS	1,679,279,669.00	1,679,279,669.00
Contracts (Historical Pending Bills)	15,890,237,695.00	15,890,237,695.00
Total	17,569,517,364.00	17,569,517,364.00

31. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised for		
Authorised and contracted for		
Total		

32. Events after the Reporting Period

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

33. Ultimate holding of the National Youth Service

The National Youth Service is a Semi-Autonomous Government Agency under the Ministry of Public Service. Its ultimate parent is the Government of Kenya.

34. Currency

The financial statements are presented in Kshs. rounded to the nearest Kshs.

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Notes to the Financial Statements (Continued)

iv) Capital Risk Management

The objective of the National Youth Service's capital risk management is to safeguard the National Youth Service's ability to continue as a going concern. The NYS capital structure comprises of the following funds:

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation Reserve	542,780,356.00	542,780,356.00
Retained Earnings	(1,843,727,904.00)	763,597,383.00
Capital Reserve	28,455,150,776.00	28,455,150,776.00
Capital Fund	339,921,250.00	339,921,250.00
Total Funds	27,494,124,478.00	30,101,449,765.00
Total Borrowings	0.00	0.00
Less: Cash and Bank Balances	(828,065,128.00)	(2,347,891,996.00)
Net Debt/ (Excess Cash and Cash Equivalents)	N/A	N/A
Gearing	N/A	N/A

29. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the National Youth Service include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

Government of Kenya

The Government of Kenya is the principal shareholder of the National Youth Service, holding 100% of the NYS equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the National Youth Service, both domestic and external.

Other related parties include:

- i) Ministry of Public Service, Performance & Delivery
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

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Notes to the Financial Statements (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the National Youth Service's directors, who have built an appropriate liquidity risk management framework for the management of the National Youth Service's short, medium and long-term funding and liquidity management requirements. The National Youth Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the National Youth Service 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.

iii) Market risk

The National Youth Service has put in place an internal audit function to assist it in assessing the risk faced by the Service 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 NYS'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 NYS'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 NYS's exposure to market risks or the way it manages and measures the risk.

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Notes To the Financial Statements (Continued)

27. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus/(Deficit) for the year before tax	(2,607,325,287.00)	(211,675,213.00)
Adjusted for:		
Depreciation	533,440,168.00	473,575,029.00
Non-cash Adjustments	0.00	(1,446,161,864.00)
Working capital adjustments		
Changes in inventory	(96,549,775.00)	739,207,931.00
Changes in receivables	(131,246,777.00)	302,309,606.00
Changes in payables & refundable Deposits	1,132,858,819.00	1,069,363,665.00
Net cash flow from operating activities	(1,168,822,852.00)	926,625,336.00

28. Financial Risk Management

The National Youth Service's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The National Youth Service'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 National Youth Service 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 National Youth Service's financial risk management objectives and policies are detailed below:

i) Credit risk

The National Youth Service 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 National Youth Service's management based on prior experience and their assessment of the current economic environment.

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Notes to the Financial Statements (Continued)

24. Refundable Deposits

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Current Deposits	1,261,353,536.00		919,923,340.00	
Retentions from Contractors	51,597,024.00		49,306,018.00	
Other Deposits Cohorts	269,899,282.00		315,434,595.00	
Total	1,582,849,842.00		1,284,663,953.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	529,850,665.00	23%	15,306,752.00	1%
1-2 years	490,195,495.00	31%	0.00	0%
2-3 years	292,904,400.00	19%	0.00	0%
Over 3 years	269,899,282.00	27%	1,269,357,201.00	99%
Total	1,582,849,842.00		1,284,663,953.00	

- Current deposits are monies owed to Servicemen and women payable upon their discharge from the Service.
- Other deposits relate to money owed to Youths (Not SM/W) who were involved in the 2015 Youth Empowerment programme. Efforts to reach them is ongoing.

25. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the National Youth Service did not make any surplus during the year (Previous FY Nil) and hence no remittance to the Consolidated Fund

26. Taxation

Description	2024/2025	2023/2024
	Kshs	Kshs
At beginning of the year	0.00	0.00
Income tax charge for the year	0.00	0.00
Under/(over) provision in prior year/s	0.00	0.00
Income tax paid during the year	0.00	0.00
At end of the year	0.00	0.00

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Notes to the Financial Statements (Continued)

21. Intangible Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Cost		
At beginning of the year/ period	71,250,237.00	67,420,237.00
Additions	5,379,346.00	3,830,000.00
At end of the year/ period	76,629,583.00	71,250,237.00
Amortization and impairment		
At beginning of the year/ period	14,250,047.00	0.00
Amortization	15,325,917.00	14,250,047.00
At end of the year/ period	29,575,964.00	14,250,047.00
NBV	47,053,619.00	57,000,190.00

22. Biological Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Trees in a plantation forest	1,012,135,160.00	1,007,302,432.00
Animals: Dairy Cattle, Pigs, Sheep	49,904,573.00	48,044,256.00
Total	1,062,039,733.00	1,055,346,688.00

23. Trade and Other Payables

Description	2024/2025		2023/2024	
	Kshs	% of the Total	Kshs	% of the Total
Trade Payables	2,606,136,866.00		1,333,726,264.00	
Other Payables - Historical	42,444,199.00		500,000,000.00	
Other Payables – TVETs	635,709,462.00		761,131,334.00	
SMW Allowances	145,240,000.00		0.00	
Total	3,429,530,527.00		2,594,857,598.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	2,979,314,350.00	87%	2,094,857,598.00	81%
1-2 years	170,911,529.00	5%	0.00	0%
2-3 years	139,492,439.00	4%	0.00	0%
Over 3 years	139,812,209.00	4%	500,000,000.00	19%
Total	3,429,530,527.00		2,594,857,598.00	

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Valuation

Land and buildings/ Equipment were valued by Trenad Auctioneers professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by Trenad Auctioneers professional valuers on 24th October 2023. These amounts were adopted by the Board on 30th June 2024 with concurrence from the National Treasury.

21 (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	Net Book Value
	Kshs	Kshs	Kshs
Land	20,204,051,400.00	0.00	20,204,051,400.00
Buildings	9,058,390,124.00	(930,437,036.00)	8,127,953,088.00
Plant And Machinery	1,139,847,512.00	(699,739,193.00)	440,108,319.00
Computers & Related Equipment	286,775,017.00	(163,298,330.00)	123,476,687.00
Office Equip., Furniture & Fittings	547,353,393.00	(115,266,247.00)	432,087,146.00
Loose Tools - Music Instruments	113,351,815.00	(108,006,939.00)	5,344,876.00
Educational Aids & Equipment	233,745,973.00	(205,243,941.00)	28,502,032.00
Total	31,583,515,234.00	(2,235,187,144.00)	29,361,523,548.00

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

Description	Cost or valuation	Normal annual depreciation charge
Educational Aids & Equipment	173,522,725.00	57,840,908.00
Loose Tools (Music Instruments)	105,171,002.00	35,057,001.00
Computers	75,824,437.00	25,274,812.00
Total	354,518,164.00	118,172,721.00

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20. Property, Plant and Equipment

Description	Land	Buildings	Furniture and fittings	Computers	Educational Aids & Equipment	Plant and Equipment	Loose tools (Music insts.)	Total
COST	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As at 1st July 2023	20,204,051,400.00	9,466,921,028.00	64,390,300.00	134,932,000.00	173,522,725.00	142,199,991.00	105,171,002.00	30,291,188,446.00
Additions	0.00	110,784,356.00	4,890,705.00	51,471,100.00	34,940,398.00	6,865,000.00	327,000.00	209,278,559.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/adjustments	0.00	(550,732,019.00)	1,052,768,013	(59,107,563.00)	0.00	299,764,394.00	0.00	742,692,825.00
As at 30th June 2024	20,204,051,400.00	9,026,973,366.00	1,122,049,018.00	127,295,537.00	208,463,123.00	448,829,385.00	105,498,002.00	31,243,159,831.00
Additions	0.00	31,416,758.00	17,798,494.00	159,479,480.00	25,282,850.00	98,524,008.00	7,853,813.00	340,355,403.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 30th June 2025	20,204,051,400.00	9,058,390,124.00	1,139,847,512.00	286,775,017.00	233,745,973.00	547,353,393.00	113,351,815.00	31,583,515,234.00
DEPRECIATION								
As at 30th June 2023	0.00	(769,332,752.00)	(30,969,469.00)	(51,315,311.00)	(147,128,711.00)	(10,749,326.00)	(35,057,001.00)	(1,044,552,569.00)
Depreciation	0.00	(187,588,003.00)	(140,256,127.00)	(42,431,846.00)	(31,441,535.00)	(22,441,469.00)	(35,166,001.00)	(459,324,982.00)
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/adjustments	0.00	214,700,058.00	(386,032,658.00)	26,040,499.00	0.00	(54,707,782.00)	0.00	(199,999,883.00)
As at 30th June 2024	0.00	(742,220,697.00)	(557,258,254.00)	(67,706,658.00)	(178,570,246.00)	(87,898,577.00)	(70,223,001.00)	(1,703,877,434.00)
Depreciation	0.00	(188,216,338.00)	(142,480,939.00)	(95,591,672.00)	(26,673,694.00)	(27,367,670.00)	(37,783,938.00)	(531,309,709.00)
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 30th June 2025	0.00	(930,437,036.00)	(699,739,193.00)	(163,298,330.00)	(205,243,941.00)	(115,266,247.00)	(108,006,939.00)	(2,221,991,685.00)
Net Book Value								
As at 30 th June 2025	20,204,051,400.00	8,127,953,088.00	440,108,319.00	123,476,687.00	28,502,032.00	432,087,146.00	5,344,876.00	29,361,523,549.00
As at 30 th June 2024	20,204,051,400.00	8,284,752,668.00	564,790,764.00	59,588,879.00	29,892,877.00	360,930,808.00	35,275,001.00	29,539,282,397.00
Depreciation Rates (# of years)		<i>10 - 50</i>	<i>8</i>	<i>3</i>	<i>3</i>	<i>20</i>	<i>3</i>	

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17. Receivables from Exchange Transactions (Current)

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Receivables				
Service, Hire Services of SM/W	222,330,528.00		201,913,126.00	
Stitching of Uniforms	33,148,189.00		83,733,366.00	
Others (Boda-Boda Programme)	17,801,475.00		17,719,708.00	
Hire of Facilities	193,943,612.00		191,943,612.00	
Repairs and Renovation Services	159,332,785.00		0.00	
Other debtors (KEMSA)	65,000,000.00		65,000,000.00	
Total Current Receivables	691,556,589.00		560,309,812.00	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	298,580,785.00	43%	0.00	%
Between 1- 2 years	287,533,013.00	42%	478,342,545.00	85%
Between 2-3 years	11,169,467.00	2%	65,000,000.00	12%
Over 3 years	94,273,324.00	14%	16,967,267.00	3%
Total	691,556,589.00	100%	560,309,812.00	100%

18. Receivables from Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
GOK Development Fund	0.00		0.00	
Total receivables	0.00		0.00	
Ageing Analysis	2024/2025	% of the total	2023/2024	% 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%	0.00	0%
Total	0.00		0.00	

19. Inventories

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Consumable stores	469,775,150.00		376,798,771.00	
Medical supplies	41,445,430.00		38,259,852.00	
Animal and Breeding Stock	5,045,650.00		4,657,832.00	
Total inventories at the lower of cost and NBV	516,266,230.00		419,716,455.00	

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Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
KCB-NYS Recurrent	1303772248	2,792,074.00	466,331,010.00
KCB-NYS Revenue	1262609798	5,020.00	35,974,308.00
KCB-NYS Development	1303779595	124,964,466.00	267,193,005.00
KCB - Garissa Mbalambala	1289762317	0.00	0.00
KCB-NYS Hindi	1289759235	4,400,410.00	4,128,457.00
KCB-NYS Tana Basin	1289701393	943.00	0.00
KCB-NYS Tumaini	1289625379	27,492.00	1,447,992.00
KCB-NYS TTI Naivasha	1289666598	37,101.00	2,048,995.00
KCB-NYS College Gilgil	1289620504	180,281.00	0.00
KCB-NYS Athi River	1289713995	4,000,000.00	6,019,156.00
KCB-NYS Mavoloni	1289713375	-	4,214,038.00
KCB-NYS Yatta	1289746265	1,936,272.00	16,301,112.00
KCB-NYS Witu	1289851689	1,944.00	402,582.00
KCB-NYS Kerio Valley	1289688753	-	19,272,754.00
KCB-NYS Kirimun	1289670633	127,797.00	18,299.00
KCB-NYS Mwatate	1289916217	1,130.00	1,199,524.00
KCB-NYS Kisumu	1289671788	1,687,160.00	27,002,581.00
KCB-NYS Turbo	1289715734	452,259.00	68,730,594.00
NBK - Director General	01001000909300	14,344,545.00	136,133,784.00
Co-Op Bank-NYS Mombasa TC	01141657531100	4,045.00	24,425,186.00
Co-Op Bank-NYS Lambwe	01141332168500	-	23,097,735.00
Sub- Total		154,962,939.00	1,103,941,112.00
b) On - Call Deposits			
KCB - NYS Deposit Account	1303780011	479,969,592.00	919,923,340.00
KCB - NYS Huduma Cohorts-Sacco	1178058158	130,273,721.00	130,274,786.00
KCB - Huduma Cohorts-Payment	1178056929	368,351.00	369,656.00
NBK - Huduma Cohort Account	01020078734700	995,178.00	108,997,073.00
NBK - SM/W Welfare Account	01071227287600	45,535,313.00	60,036,817.00
NBK - Boda Boda Riders Training	01071000909300	15,755,064.00	15,756,264.00
Sub- Total		672,897,219.00	1,235,357,936.00
c) Others			
Staff Imprests		204,970.00	10,016,732.00
Sub- Total		204,970.00	10,016,732.00
Grand Total		828,065,128.00	2,349,315,777.00

NATIONAL YOUTH SERVICE
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Notes to the Financial Statements (Continued)

14. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Plant, Machinery & Equipment	8,826,142.00	4,877,594.00
Vehicles	63,203,282.00	89,110,652.00
Furniture and fittings	554,844.00	0.00
Computers and accessories	3,772,857.00	10,001,389.00
Maintenance of Buildings – Residential	15,930,093.00	11,664,336.00
Maintenance of Buildings - Non-Residential	57,049,232.00	8,542,150.00
Minor Alterations of Buildings & Civil Works	300,109,180.00	89,400,771.00
TOTAL	449,445,630.00	213,596,892.00

Repairs and Maintenance Expense increased by 110.4% (Kshs 235.8million), rising from Kshs 213.6million to Kshs 449.4million. This increase was driven by minor alterations of buildings & civil works, which increased by 236% from Kshs 89.4million to Kshs 300.1million.

The Service during the reporting year recruited an additional 20,000 youths that resulted in significant strain on current facilities requiring constant repairs and maintenance. This capacity expansion necessitated extensive facility modifications, with non-residential building maintenance increasing seven-fold from Kshs 8.5 million to Kshs 57.04 million as existing structures required substantial upgrades to accommodate the increased number of youths.

15. Taxation

Description	2024/2025	2023/2024
	Kshs	Kshs
Current income tax charge	0.00	0.00
Deferred tax:	0.00	0.00
Original and reversal of temporary differences	0.00	0.00
Income tax expense reported in the statement of financial performance	0.00	0.00

16. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	154,962,939.00	1,103,941,110.00
On - Call Deposits	672,897,219.00	1,235,357,935.00
Others (Staff Imprests)	204,970.00	10,016,732.00
Total Cash and Cash Equivalents	828,065,128.00	2,349,315,777.00

Cash and cash equivalents declined significantly by 65% (Kshs 1.52 billion), from Kshs 2.35 billion to Kshs 828 million. In the reporting period, the Service's exchequer budget was cut by 16% from Kshs 11.3 billion in FY2023/2024 to Kshs 9.55 billion in FY 2024/2025 while simultaneously increasing its youth intake by 20,000 additional recruits. This budgetary constraint amid expanded operations required the Service to utilize all available funds to ensure smooth operations.

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Notes to the Financial Statements (Continued)

11. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	1,788,640,360.00	1,583,712,975.00
Gratuity	5,010,232.00	6,614,599.00
Casual Wages	57,927,304.00	54,620,030.00
Employee costs	1,851,577,896.00	1,644,947,604.00

Overall Employee Cost grew by 12.6% to KShs.1.85billion mainly attributed to receipt of an additional Kshs.220.9 million in Supplementary I to catered for the implementation of the recommendations from the Maraga Taskforce on National Police Service, Prisons and National Youth Service Reforms. There was a slight increase in casual wages of 6.1% which was attributed to increased activities of Stitching of Uniforms that reported a revenue growth of 20.7%

12. Council Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	1,020,000.00	1,020,000.00
Council Member Allowances	13,275,200.00	8,558,200.00
Total	14,295,200.00	9,578,200.00

Council expenses increased significantly by 49% (Kshs 4,717,000.00). This was mainly driven by addition of four new council members including the Chairman who embarked on a countrywide familiarization tour.

13. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Buildings & Structures	188,216,338.00	187,588,003.00
Furniture and fittings	142,480,939.00	140,256,127.00
Computers	95,591,672.00	42,431,846.00
Educational Aids & Equipment	26,673,694.00	31,441,535.00
Plant and equipment	27,367,670.00	22,441,469.00
Loose Tools (Musical Instruments & Others)	37,783,938.00	35,166,001.00
Intangible Assets	15,325,917.00	14,250,047.00
Total depreciation and amortization	533,440,168.00	473,575,028.00

Overall depreciation expense increased by 12.6% (Kshs 59.8million), rising from Kshs 473.6 million to Kshs 533.4million. This surge was primarily driven by a substantial investment of Kshs 159million in computers and computer-related equipment, which contributed Kshs 53.3 million in additional depreciation which accounts for 89% of the total increase. The Service is fast-tracking the digitalization of its activities in line with the government directive towards a digital economy.

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Description	2024/2025	2023/2024
	Kshs	Kshs
Photographic and Audio-Visual Materials	629,300.00	1,939,100.00
Police, Prisons, and NYS Small Equip	1,393,080.00	245,041,050.00
Foods and Rations	3,638,210,994.00	3,517,655,956.00
Uniforms and Clothing – Staff	73,915,252.00	29,882,875.00
Uniforms and Clothing – Trainees	593,681,486.00	346,330,000.00
Purchase of Bedding and Linen	0.00	281,296,213.00
Supplies for Production	214,415,969.00	209,116,258.00
Purchase of safety gear	524,660.00	1,477,500.00
Office and General Supplies and Services	220,092,058.00	137,733,773.00
Fuel, Oil and Lubricants	660,179,002.00	609,976,508.00
School Exam. & Invigilation Fees	219,438,929.00	112,949,082.00
Medical Expenses	84,416,477.00	87,944,547.00
Contracted guards and cleaning services	2,264,455.00	533,473.00
Membership fees, dues and subscriptions	2,109,009.00	2,719,262.00
Contracted professional services	6,835,608.00	93,474,039.00
Contracted technical services	1,926,348.00	2,885,593.00
Laundry expenses	217,550.00	1,452,330.00
Sporting Activities	50,324,823.00	38,312,808.00
Bank Service Commission & Charges	2,417,308.00	2,170,154.00
Historical Pending Bills	0.00	568,348,911.00
Total	10,092,218,424.00	9,909,912,943.00

- Bank charges of KShs 2,170,154 previously reported separately in Note 15 of the 2023/2024 Annual Report have been reclassified under 'Use of Goods and Services' for consistency. This reclassification has restated the prior year Use of Goods and Services balance to KShs 9,909,912,943, with no impact on total expenditure.
- The use of goods and services increased expenditures were majorly contributed by items such as Training Expense (36%), Food and Ration (36%), Fuel, Oil and Lubricants (7%), Purchase of Uniforms and Clothing – Trainees (6%) and School Exam. & Invigilation Fees (2%). These increments were mainly driven by the increased intake of recruits from 10K to 32K SM/W.
- There were notable reductions in other items due to rationalization of the Service budget and implementation of government austerity measures with major reduction in Purchase of Bedding and Linen (100%), Police, Prisons, and NYS Small Equipment (99.4%), Contracted professional services (92.7%), Hospitality Supplies and Services (60.5%) and Traveling and Accommodations (13%).

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Notes to the Financial Statements (Continued)

8. Sale of Goods

Description	2024/2025	2023/2024
	Kshs	Kshs
Sale of goods		
Stitching of uniforms	107,945,098.00	89,413,360.00
Sale of Agricultural Products	313,616,051.00	265,026,080.00
Total revenue from the sale of goods	421,561,149.00	354,439,440.00

Revenue from sale of goods grew by 8.0% to KShs 421.5 million, driven by both the stitching of uniforms for the disciplined forces (up 20.7% to KShs 107.9 million) and agricultural products from Field Units' farming projects (up 18.4% to KShs 313.6 million).

9. Other Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Income from Auction – Disposal of Assets	0.00	28,259,250.00
Agency Fees	848,318.00	4,611,343.00
Interest income from Bank Accounts	1,099,226.00	0.00
Other Incomes	0.00	7,579,506.00
Total Other income	1,947,544.00	40,450,099.00

10. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Electricity	157,151,050.00	144,620,417.00
Water	79,958,756.00	65,593,266.00
Gas	8,879,530.00	10,750,000.00
Communication	11,355,087.00	7,265,382.00
Traveling and Accommodations	184,873,240.00	213,693,333.00
Printing, Advertising & Info. Supplies	19,516,944.00	33,856,521.00
Rental of Produced Assets	444,990.00	190,000.00
Training Expenses	3,649,166,630.00	2,881,687,558.00
Hospitality Supplies and Services	36,225,911.00	91,620,603.00
Veterinarian Supplies and Materials	22,960,917.00	10,947,098.00
Fungicides, Insecticides and Sprays	95,917,138.00	45,498,678.00
Dressing & other non-pharmaceutical	938,000.00	15,327,616.00
Chemicals and Industrial Gases	11,983,282.00	0.00
Workshop Tools, Spares and Small Equip	822,065.00	25,737,719.00
Agric. Materials, Supplies & Small Equip	36,186,188.00	52,310,278.00
Education and Library Supplies	2,661,187.00	19,575,042.00