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**REPORT**

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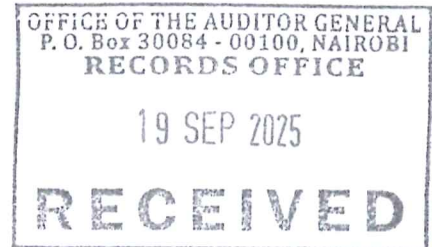
**GOK/UNFPA 10<sup>TH</sup> COUNTRY PROGRAMME  
GRANT NUMBER B4210**

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

**STATE DEPARTMENT FOR YOUTH AFFAIRS  
AND CREATIVE ECONOMY**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 NOV 2025
	DAY: Thursday
TABLED BY:	Hon. Naom Wazamp Deputy Deputy Party Whip
CLERK-AT THE TABLE:	A. Shikuku





**PROJECT NAME: GOK/ UNFPA 10<sup>TH</sup> COUNTRY PROGRAMME**

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

**PROJECT GRANT/CREDIT NUMBER: B4210**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

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

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**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
CT	County Treasury
Comparative FY	Financial year preceding the current financial year.
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
YEC	Youth Empowerment Centre
UNFPA	United Nation population Fund
SRHR	Sexual Reproductive Health and Rights
HIV	Human Immuno Virus
GBV	Gender Based Violence
FGM	Female Genital Mutilation
ADA	Alternative Dispute resolution
PWD	Person with Disability
YEDF	Youth Empowerment Development Funds
WEDF	Women Empowerment Development Funds
UN	United Nations
GoK	Government of Kenya
IPA	Implementing Partners Agreement
KYDB	Kenya Youth Development Bill

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

The project's official name is GOK/UNFPA 10<sup>TH</sup> Country programme.

#### **Objective**

The key objective of the project is to ensure that adolescents and youth have enhanced their capacity and opportunities to participate and lead in policies and programmes on population and development, sexual and reproductive health, gender-based violence and harmful practices at all levels, including in humanitarian settings.

#### **Address**

The project headquarters offices are in Nairobi County, Kenya.

The address of its registered office is KENCOM HOUSE, 3<sup>RD</sup> Floor Nairobi, Kenya.

Proposed relocation to TALANTA PLAZA, Upper Hill, by August 2025.

The project does not have other offices/branches

**Contacts:** The following are the project contacts:

P.O. BOX 34303 – 00100 Nairobi

Telephone: (254) (020)2240068

E-mail: [ps@youth.go.ke](mailto:ps@youth.go.ke)

Website: [youth.go.ke](http://youth.go.ke)

### **2.2 Project Information**

Project Start Date:	1 <sup>st</sup> July, 2022
Project End Date:	30 June 2026
Project Coordinator:	Dr Josephine S. Etenyi, PhD
Project Development Partner:	The project Development Partner is United Nations Population Fund (UNFPA)

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**2.3 Project Overview**

Line Ministry or State departments	The project is under the supervision of the Ministry of Youth affairs, Creative Economy and Sports and is being implemented by the State Department for Youth Affairs and Creative Economy.
Project number	B4210
Strategic goals of the project	The strategic goals of the project are as follows: (a) Expand leadership spaces and preparedness of young people in their diversity to participate in decision-making and development processes, prioritizing issues related to SRH, HIV, GBV, harmful practices, humanitarian action and peace building. (b) Operationalize in-school and out-of-school education for health and well-being. (c) Strengthen linkages between programmes on SRHR, HIV, GBV and harmful practices and programmes on youth economic empowerment (d) The development of a National Youth Index. (e) Support innovative adolescent and youth-led initiatives aimed at advancing the transformative results.
Summary of Project Strategies for achievement of strategic goals	<ul style="list-style-type: none"> <li>a. Develop a framework for the establishment of the Kenya Youth Development Index (KYDI) to strengthen evidence on youth development</li> <li>b. Equip 9 YEC managers and 1 No. youth empowerment platforms to deliver SRHR/HIV/GBV/FGM and life skills education to adolescents and youth in and out of school.  FY 2024/25 the programme equipped Malindi YEC's with items and equipment for life skill education.</li> <li>c. Adolescents and youth, including those with disabilities, reached with information and services that promote their health and wellbeing at national level and in target counties</li> </ul>
Other important background information of the project	The State Department for youth affairs and Creative economy organized interventions geared towards empowerment of the young people in Kenya. The department intended to contribute to the International Conference on Population and Development

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	<p>commitments of eliminating teenage Pregnancy and new Human Immuno deficiency Virus infections among the youth by 2030 and harnessing the demographic dividend through investment in young people by 2026. The focus of the programme is to ensure that by 2026, adolescents and youth have increased their capacity and opportunities to participate and lead in policies and programmes on population and development, sexual and reproductive health, gender-based violence and harmful practices at all levels including in humanitarian settings.</p> <p>Consequently, the program will work towards the reduction in the unmet need for family planning among the youth by 2026. The reduction of preventable maternal deaths among the youth by 2026.</p> <p>The reduction in gender-based violence and harmful practices among the youth by 2026.</p> <p>Also data on youth empowerment will be readily available for decision making and key stakeholders will be familiar with the issues of Youth Development and there will be better coordination of stakeholders working in the youth space</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> <li>(i) Increased vulnerability of youth</li> <li>(ii) Poor coordination of youth programs</li> <li>(iii) Unreliable data on youth issues</li> </ul>
<p>Project duration</p>	<p>4 Years (1st July 2022 to 30 June 2026). However, due to changes in development partners' in funding policies there is possibility that they programme may not be funded in 2025/2026</p>

**2.4 Bankers**

The following are the bankers for the project:

Central Bank of Kenya  
P.O. BOX 60000  
Nairobi.

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*Project information and overall performance (continued)*

**2.5 Independent Auditor**

The project is audited by the Auditor General of the Republic of Kenya.

Office of the Auditor-General

Anniversary Towers

P.O. Box 30084-00100

Nairobi.

**2.6 Roles and Responsibilities**

No	Names	Title designation	Key qualification	Responsibilities
1	<b>Hon.Salim Mvurya, EGH</b>	Cabinet Secretary	Master's Degree in Participation, Power & Social Change	Overall policy direction.
2	<b>Hon.Fikirini Jacobs Katoi Kahindi</b>	Principal Secretary	Bachelor of Arts Degree in Philosophy	Accounting Officer
3	<b>Dr.Josephine S. Etenyi</b>	Project co-ordinator	PhD in Research and Evaluation	Overall project Coordination to ensure proper implementation
4	<b>Ms.Francisca Kanini</b>	Assistant Project Co-Ordinator	Master's degree in development studies- Project Management	Support the Project Coordinator in the planning, implementation and reporting process
5.	<b>CPA.Bonface P. O. Dimba</b>	Project Accountant	Master's Degree in Business Administration	In charge of accounts and finance for the project

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*Project information and overall performance (continued)*

**2.7 Funding summary**

The Project is for a duration of 4 years from 2022 to 2026 with an approved budget of US\$ 45,001.10 equivalent to Kshs 5,775,750 in the year 2024/2025 as highlighted in the table below:

**A. Source of Funds**

Source of funds	Development Partner Commitment		Amount received to date – (30 <sup>th</sup> June 2025)		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
<b>(i) Grant</b>						
United Nations funds for population activities(UNFPA)FY 2023/24	-	7,000,000		7,000,000	-	-
United Nations funds for population activities(UNFPA)FY 2024/25	-	5,775,750	-	5,775,750	-	-
<b>Total</b>	-	<b>12,775,750</b>	-	<b>12,775,750</b>	-	-

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**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2025)			Cumulative amount paid to date – (30 <sup>th</sup> June 2025)	Unutilised balance to date (30th June 2025)	
	Development Partner currency	Kshs	Development Partner currency		Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
United Nations funds for population activities (UNFPA) FY 2024/25	-	5,775,750	-	5,775,750	-	-
United Nations funds for population activities (UNFPA) FY 2023/24	-	7,000,000		7,000,000		
<b>Total</b>		<b>12,775,750</b>	-	<b>12,775,750</b>	-	-

**2.8 Summary of Overall Project Performance:**

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

YEAR	BUDGETED (Ksh.)	PERFORMANCE (Ksh.)
2023-2024	7,000,000	6,936,280
2024-2025	5,775,750	5,775,750

**ii) Physical progress based on outputs and outcomes since project commencement,**

- A Framework for the establishment of the Kenya Youth Development Index (KYDI) developed to strengthen evidence on youth development. 12 Research Assistants

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(Youth) from 4 Counties (3 per county) trained. 4 Supervisors (Youth Officers) from 4 Counties (1 per county) trained. 6 Youth Officers at National level trained as TOTs. Kenya Youth Development Survey Pilot Study conducted.

- 11 Youth Empowerment Centre Managers in Baringo-4, Turkana-3, Garissa-2 and Isiolo-2 Counties were capacity built on youth programming, provision of integrated SRHR information and Services and reporting to deliver SRHR/HIV/GBV/FGM/ADA and life skills education to adolescents and youth in and out of school.. The manager will also be provided with SRHR materials such as films to showcase to young people visiting the Centres for different services.
- As a result of capacity building 11 YEC managers from Baringo, Turkana, Garissa and Isiolo counties on youth policies, programming, provision of integrated SRHR information, services and reporting, 3,183 (Turkana-709 (383M/ 322F/4PWD);

***Project information and overall performance (continued)***

Garissa-1628 (1199M/430F/ 1PWD); Isiolo-195 (109M /86F/0PWD); Baringo-586 (358M /226F/2PWD);Direct Activation in Isiolo 65 (42M/21F/2PWD) youth were reached with SRHR information and linked to economic opportunities through the Affirmative Funds. Further, this supported in activation of the YEC and increase in number of youths seeking information and services.

- Malindi Youth Empowerment Centre equipped to provide holistic services to adolescent and youth. Procurement done at grassroots. Money transferred to the Malindi Subcounty Youth Development Office through F.O.91; AIE Ref. No. B236325. The equipment provided are; 3 Computers, 3 Computer Tables,1 router, 1 public address system,1 projector, 1 white board, 3 Office Chairs,1 Roll Up Banners and 1 Dart set in FY 2024/25.
- A grassroots activation forum in the Isiolo North Youth Empowerment was held to create demand on the services offered in the Centre amongst the youth and to provide a platform to equip them with SRHR/HIV/GBV/FGM/ADA information and life skills education and link them up with necessary opportunities and services eg YEDF, WEDF and Uwezo Fund. As a result of the grassroot youth activation forums in YECs in Isiolo County, 65 (42M/21F/2PWD) youth were equipped with

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**Project information and overall performance (continued)**

SRHR/HIV/GBV/FGM/ADA & life skills education, financial literacy and sensitized on economic opportunities.

- This grassroots YEC activation forum supported in re-energizing the Isiolo YEC which had been inactive for many years. The YEC had a water bill of 85,000 Kes and electricity bill of 23,000 Kes which one of the facilitators from International Youth Fellowship with its roots in Korea showed interest in the utilization of the YEC for youth activities and trainings on various fields of youth empowerment. He committed to clear the bills, reconnect water and electricity and cater for all bills going forward. He immediately after drafted an MOU for review and consideration.
- Many of the youth participants said they were not aware of the YEC while others said they were aware but had never utilized it. Youth committed to utilize the YEC for youth activities. Partners in attendance also committed to hold youth activities in the YEC.
- A team from National Syndemic Disease Control Council (NSDCC) both National and County who were around after marking the International AIDs Day passed by and shared a lot of knowledge with the youth. They shared a hotline number that would help in reporting any GBV-related issues. The NSDCC County coordinator promised
- to provide the County Director for Youth Affairs with sanitary pads to be distributed through the YEC to vulnerable girls.
- 50 tree seedlings were planted in the YEC compound.
- This activity promoted partnership with MOH, Equity Bank-Isiolo branch, International Youth Fellowship (IYF), NSDCC who acted as facilitators.

**iii) The absorption rate for each year since the commencement of the project.**

<b>F/YEAR</b>	<b>BUDGETED</b>	<b>PERFORMANCE</b>	<b>ABSORPTION RATE</b>
<b>2023-2024</b>	7,000,000	6,936,280	99%
<b>2024-2025</b>	5,775,750	5,775,750	100%

**iv) Project implementation challenges and recommendations.**

- Insufficient funding- Inability to meet the initial target due to budgetary constraints, the department is working with directorates in state department to achieve the set objectives.
- Late release of funds- This leads to tight execution in timelines, the project has mitigate this by hastening the processes to release funds in good time.

Challenges in Financial year and Calendar year- execution and reporting due to different implementation periods between GoK and the UN recommendation that all stakeholders to recognize and appreciate the timing to minimize on project implementation delay.

***Project information and overall performance (continued)***

**2.9 Summary of Project Compliance:**

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

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

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

- a) Expand leadership spaces and preparedness of young people in their diversity to participate in decision-making and development processes, prioritizing issues related to SRH, HIV, GBV, harmful practices, humanitarian action and peace building.
- b) Operationalize in-school and out-of-school education for health and well-being
- c) Support innovative adolescent and youth-led initiatives aimed at advancing the transformative results
- d) Strengthen linkages between programmes on SRHR, HIV, GBV and harmful practices and programmes on youth economic empowerment; and the development of a National Youth Index.

#### **Progress on The Attainment Of Strategic Development Objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement

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Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
<b>GOK/UNFPA 10<sup>TH</sup> COUNTRY PROGRAMME</b>	a) Expand leadership spaces and preparedness of young people in their diversity to participate in decision-making and development processes, prioritizing issues related to SRH, HIV, GBV, harmful practices, humanitarian action and peace building.	Build the capacity of Youth Empowerment Centre (YEC) Managers in Turkana, Baringo, Isiolo, Garissa Counties on youth policies, youth programming, provision of integrated information, services and reporting to deliver SRHR/ HIV/ GBV/ FGM/ADA and life skills education to adolescents and youth	Number of Youth Empowerment Centre Managers Capacity Build on youth programming, provision of integrated SRHR information, services and reporting	Eleven (11) YEC managers from Turkana-3; Baringo-4; Isiolo-2; Garissa -2 were capacity built on youth policies, youth programming, provision of integrated information, services and reporting to deliver SRHR/ HIV/ GBV/ FGM/ADA and life skills education to adolescents and youth
	b) Operationalize in-school and out-of-school education for health and well-being.	Equip and operationalize Youth Empowerment Centers in collaboration with private sector partners to provide holistic	Number of adolescents and youth reached with SRHR information and linked to opportunities through	5,751 (3397M/ 2340F/14PWD) youth were reached with SRHR/HIV/GBV/FGM/ADA information and life skills

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Project	Objective	Outcome	Indicator	Performance
		services to adolescents and youth.	Youth Empowerment Centres	<p>education and sensitized on economic opportunities through the Affirmative Funds. Further, this activity supported in activation of the YECs and increase in number of youth seeking information and services from the respective YECs.</p> <p>The managers were also provided with SRHR materials such as films to showcase to young people visiting the Centres for different services.</p> <p>This activity promoted partnership with MOH, State Department for Gender, NACADA, Vijana Tujiboreshe and Imara TV who acted as facilitators/resource persons.</p>

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Project	Objective	Outcome	Indicator	Performance
	c) Strengthen linkages between programmes on SRHR, HIV, GBV and harmful practices and programmes on youth economic empowerment	Build the Capacity of Youth Empowerment Centre Managers in Turkana, Baringo, Garissa and Isiolo Counties to deliver SRHR/ HIV/ GBV/ FGM and Life Skills Education to Adolescent and Youth Hold activations in Youth Empowerment Centers in Isiolo County to equip adolescents and youth with SRHR/ HIV/ GBV/ FGM and life skills education		It was observed that the youth seek various services in the YEC, this include digital skills, entrepreneurial skills, affirmative funds, sporting activities Information on youth programs like NYOTA. One has to be very purposeful to offer information on SRHR. Availability of facilities is key in provision of services, this limits the number of youth who can access services at a go. A grassroots activation forum in the Isiolo North Youth Empowerment center was held to create demand around the Centre amongst the youth and to provide a platform to equip the them with SRHR/HIV/GBV/FGM/ADA

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Project	Objective	Outcome	Indicator	Performance
				information and life skills education and link them up with necessary opportunities and services eg YEDF, WEDF and Uwezo Fund,
	d) Development of a National Youth Index.	Train Research Assistants and supervisors; and conduct the Kenya Youth Development Survey Pilot Study	A Framework for the establishment of the Kenya Youth Development Index (KYDI) developed to strengthen evidence on youth development.	12 Research Assistants (Youth) from 4 Counties (3 per county) trained. 4 Supervisors (Youth Officers) from 4 Counties (1 per county) trained. 6 Youth Officers at National level trained as TOTs Kenya Youth Development Survey Pilot Study conducted. As a result of the TOT training, the Kenya Youth Development (KYD) Survey questionnaire was transferred from manual to CAPI (Computer Aided Personalized Interview)

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Project	Objective	Outcome	Indicator	Performance
	e) support innovative adolescent and youth-led initiatives aimed at advancing the transformative results	In the year 2024, the UNFPA/SDYACE annual work plan did not plan for any activity under this objective. Largely the objective is being implemented by another IPA		

#### **4. Environmental and Sustainability Reporting**

The Youth Empowerment programme exists to transform lives and ensure that youth are empowered to make informed decisions and are facilitated to live meaningful lives in the long-run. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability

##### **1. Sustainability strategy and profile**

The programme strategically deployed six accelerators to achieve these outputs, namely: (a) focusing on human rights-based and gender transformative approaches to support delivery of right-based sexual and reproductive health information and services and empowering women and

girls; (b) scaling up of proven innovative high impact practices including the use of proven digital solutions; (c) cultivating partnership such as south-south and triangular cooperation, including cross-learning; (d) supporting generation and use of evidence on progress towards the three transformative results; (e) anchoring on the principles of leaving no one behind; working with national and county-based State and non-State actors to enhance resilience and adaptation to ensure continuity of life-saving sexual and reproductive health and rights information and services across the development, humanitarian and peace nexus, including mitigating the impact of Climate change. The programme focused on areas needed to coherently address people's mitigation and adaptability to this development.

##### **2. Environmental performance**

The Youth Empowerment programme does not focus on environment performance as it is primarily engaged in improving Sexual and Reproductive Health among the youth. The programme does not contribute to adverse environment risk and impact. The State Department for youth affairs and Creative economy does not condone the degradation of the environment and biodiversity. However, to support the reduction of environmental impact, the program planted 50 tree seedlings in the compound of Isiolo North Youth Empowerment Centre.

**3. Employee welfare**

The project endeavours to take care of its entire staff. Efforts are made to achieve gender balance by ensuring that the project staff comprise of both male and female employees. The constitution of Kenya 2010 advocates for inclusivity, diversity and equity when hiring of employees which also representing face of Kenya, while observing the 1/3 gender rule. Efforts have also been made to ensure the staff work in a clean and safe environment.

**4. Marketplace practices-**

**a) Responsible Supply chain and supplier relations-**

Suppliers and service providers are paid on delivery of their goods and services. Whenever there are challenges regarding their payments, they are guided accordingly.

**b) Responsible ethical practices**

Suppliers and service providers are paid on delivery of their goods and services. Whenever there are any challenges regarding their payments, they are guided accordingly. Further all the expenditures are paid and accounted for within the laid down guidelines and procedures.

**c) Regulatory impact assessment**

The programs initiatives and their implementation mechanisms ensure observance of Citizen safeguards and that stakeholder's rights were upheld.

**5. Community Engagements**

The entire project activities are geared toward engagement of the community and its stakeholders especially within the devolved units. The stakeholders involved cut across the spectrum of influence and intended beneficiaries, Continuous consultation of youth being the ultimate beneficiary of the programs was given priority. The project did not have a Corporate Social Responsibility component. Statement of Project Management Responsibilities

## **5. Statement of Project Management Responsibilities**

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

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

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

The Principal Secretary for the State department of Youth affairs and creative economy and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date.

The Principal Secretary for the State department of Youth affairs and creative economy and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control. The Principal Secretary for the State department of Youth affairs and creative economy and the

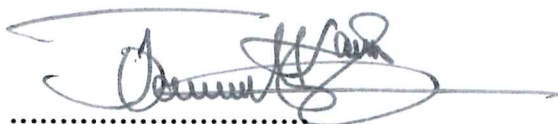
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Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes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

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Principal Secretary for the State Department of Youth affairs and creative economy and the Project Coordinator on 17/09 2025 and signed by:



**Name: Fikirini Jacobs Katoi Kahindi**  
**Principal Secretary**



**Name: Dr. Josephine Etenyi**  
**Project Coordinator**

# REPUBLIC OF KENYA

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P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON GOK/UNFPA 10TH COUNTRY PROGRAMME GRANT NUMBER B4210 FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of GOK/UNFPA 10th Country Programme Grant Number B4210 - State Department for Youth Affairs and Creative Economy set out on pages 1 to 27, which comprise of the statement of financial position

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

In my opinion, the financial statements present fairly, in all material respects, the financial position GOK/UNFPA 10<sup>th</sup> Country Programme Grant Number B4210 - State Department for Youth Affairs and Creative Economy as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Grant Agreement dated 2 December, 2022 between the Government of Kenya and the United Nations Population Fund and the Public Finance Management Act, 2012

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the GOK/UNFPA 10<sup>th</sup> Country Programme Grant Number B4210 - State Department for Youth Affairs and Creative Economy Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Other Information**

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

In connection with my audit on the GOK/UNFPA 10<sup>th</sup> Country Programme – Grant Number B4210 - State Department for Youth Affairs and Creative Economy financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of

this Other Information, I am required to report that fact. I have nothing to report in this regard.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

As required by the United Nations Population Fund, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The United Nations Population Fund requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

The 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 control 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 overall governance.

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

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

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

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


## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**23 October, 2025**

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

	Notes	FY 2024-2025
		Kshs
<b>Revenue</b>		
Revenue Transfers	6	5,412,625
Miscellaneous Revenue		
<b>Total revenue</b>		<b>5,412,625</b>
<b>Expenses</b>		
Employee costs		-
Use of goods and services	7	5,298,750
Depreciation and amortization expense	8	113,875
<b>Total expenses</b>		<b>5,412,625</b>
<b>Other gains/(losses)</b>		
Gain/Loss on sale of assets		
<b>Surplus/ (deficit)</b>		<b>-</b>

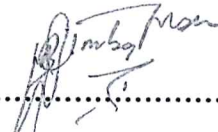
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



.....  
**Fikirini Jacobs Katoï Kaindi**  
**Principal Secretary**



.....  
**Dr. Josephine S. Etenyi**  
**Project Coordinator**



.....  
**CPA Bonface P.O. Dimba**  
**Project Accountant**  
**ICPAK Member No:5488**

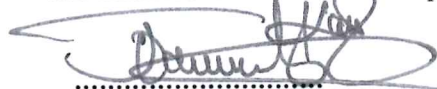


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**8. Statement of Financial Position as at 30<sup>th</sup> June 2025.**

	Note	FY2024-2025	1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	9	63,720	63,720
<b>Total Current Assets</b>		<b>63,720</b>	<b>63,720</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	363,125	-
Intangible Assets		-	-
<b>Total Non- Current Assets</b>		<b>363,125</b>	<b>-</b>
<b>Total Assets (a)</b>		<b>426,845</b>	<b>63,720</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	11	63,720	63,720
Third Party Deposits		-	-
Deferred Income		363,125	-
<b>Total Current Liabilities</b>		<b>426,845</b>	<b>63,720</b>
<b>Total Liabilities (b)</b>		<b>426,845</b>	<b>63,720</b>
<b>Net Assets (a-b)</b>		<b>-</b>	
<b>Represented By:</b>			
Accumulated Surplus		-	63,720
<b>Total Net Assets</b>		<b>-</b>	<b>63,720</b>

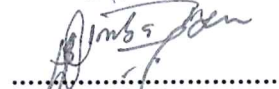
The financial statements were approved on 17/09 2025 and signed by:



Fikirini Jacobs Katoi Kaindi  
Principal Secretary



Dr. Josephine S. Etenyi  
Project Coordinator



CPA Bonface P.O. Dimba  
Project Accountant  
ICPAK Member No:5488

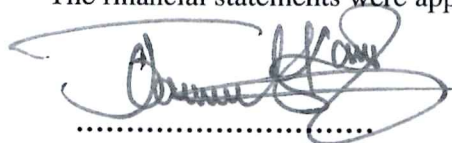
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**9. Statement of Changes in Net Assets**

Description	Accumulated Surplus
	Kshs
As at 30 <sup>th</sup> June 2024 (Cash Basis)	63,720
Adjustments: (to recognize assets and liabilities)	-
Recognition of liabilities	(63,720)
<b>As at 1<sup>st</sup> July 2024</b>	
Surplus/(Deficit) for the year	-
<b>As at 30<sup>th</sup> June 2025</b>	-

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

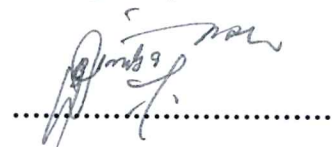
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Fikirini Jacobs Katoi Kaindi  
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**10. Statement of Cashflow for the year ended 30<sup>th</sup> June 2025.**

Description	Note	2024-2025
		Kshs
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
Revenue Transfers		5,775,750
Miscellaneous Revenue/ Deferred Income		-
<b>Total receipts</b>		<b>5,775,750</b>
		-
<b>Payments</b>		
Employee costs		-
Use of goods and services		(5,298,750)
Transfer to other Government Entities		-
		-
<b>Total payments</b>		<b>-</b>
<b>Net cash flow from operating activities</b>		<b>477,000</b>
<b>Cashflow from investing activities</b>		
Acquisition of non-financial assets		(477,000)
<b>Net cash flows from investing activities</b>		<b>-</b>
<b>Cash flow from financing activities</b>		<b>-</b>
<i>Specify the activity</i>		-
<b>Net cash flow from financing activities</b>		<b>-</b>
Net increase/Decrease in cash and cash equivalents		-
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>	<b>9</b>	<b>63,720</b>
<b>Cash and cash equivalent at end June 2025</b>	<b>9</b>	<b>63,720</b>

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue Transfers	5,775,750	-	5,775,750	5,775,750	-	100%
Miscellaneous Revenue	-	-	-	-	-	-
<b>Total Revenue</b>	<b>5,775,750</b>	<b>-</b>	<b>5,775,750</b>	<b>5,775,750</b>	<b>-</b>	<b>100%</b>
<b>Payments</b>						
Use of goods and services	5,298,750	-	5,298,750	5,298,750	-	100%
Acquisition of Non-Financial assets	477,000	-	477,000	477,000	-	-
<b>Total Payments</b>	<b>5,775,750</b>	<b>-</b>	<b>5,775,750</b>	<b>5,775,750</b>	<b>-</b>	<b>-</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	

NOTE:

Depreciation of Kshs.113, is non-monetary expense and was not budget for in the financial year

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	-
Cash Carry Overs from previous periods	63,720
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>63,720</b>

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**12. Notes to the Financial Statements**

**1. General Information**

The financial statements are for Youth Empowerment Programme under the State department for Youth affairs and Creative Economy The financial statements are for the reporting for Youth Empowerment Programme as required by Section 81/ Section 164 of the PFM Act, 2012.

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

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

**Guiding note during the transition period:**

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1<sup>st</sup>/ 2<sup>nd</sup>/ 3<sup>rd</sup>/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1<sup>st</sup> 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

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Standard	Effective date and impact:
	<p>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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>There was no impact of the standard on the project</i></b></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>There was no impact of the standard on the project</i></b></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b><i>There was no impact of the standard on the project</i></b></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p>

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Standard	Effective date and impact:
	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There was no impact of the standard on the project</i></p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an 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><i>There was no impact of the standard on the project</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements</p>

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Standard	Effective date and impact:
	<p>about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>There was no impact of the standard on the project</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>There was no impact of the standard on the project</i></p>

**Notes to the financial statements**

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

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- ii) Revenue from exchange transactions

**Interest income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the Council or Board on *xxx*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget accordingly. The entity's budget is prepared on a different basis to the actual income and

**Notes to the financial statements**

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

Schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 of these financial statements.

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*Notes to the financial statements continued*

**c) Property, plant and equipment**

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

The project policy is to depreciate an asset on the year of acquisition and nil depreciation on the year of disposal. The assets are depreciated on a reducing balance taking cognisance of wear and tear rates provided by Kenya revenue authority.

Motor Vehicle	25%
Furniture and Equipment	12.5%
ICT Equipment's	30%
Heavy Machinery	37.5%

**d) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance

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**Notes to the financial statements continued**

costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**e) Intangible assets**

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

**f) Research and development costs**

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

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

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

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**g) Financial instruments**

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

***Financial assets***

***Classification***

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

***Subsequent measurement***

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

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**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

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**Classification**

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

**h) Inventories**

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

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

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

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

**Inventories**

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

**i) Provisions**

Provisions are recognized when the Entity has a present obligation (legal

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

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*Notes to the financial statements continued*

***Contingent liabilities***

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

***Contingent assets***

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

**j) Nature and purpose of reserves**

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

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

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

**Notes to the financial statements**

**l) Employee benefits**

**Retirement benefit plans**

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit

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funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. 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.

**n) Borrowing costs**

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

**o) Related parties**

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

**p) Service concession arrangements**

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

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***Notes to the financial statements continued***

To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) Cash and cash equivalents**

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

**r) Subsequent events**

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

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The *Entity* based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may

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**Notes to the financial statements**

change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**Provisions**

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

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

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*Notes to the Financial Statements (Continued)*

**6. Revenue Transfers**

Description	FY 2024/25
	<u>Kshs</u>
<b>Unconditional Transfers</b>	
GoK Counter Part funding	-
Transfers from Development partners	-
<b>Total Unconditional Transfers (a)</b>	-
<b>Conditional Transfers</b>	
Grant Income (Transfers from Development partners 1)	5,412,625
<b>Total Conditional Transfers (b)</b>	<b>5,412,625</b>
<b>Total Transfers for the Year (a + b)</b>	<b>5,412,625</b>

**a) Details to Revenue Transfers**

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024/25 FY)
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
GOK Funding	-	-	-	-
UNFPA	5,298,750	-	-	5,298,750
<b>Subtotal</b>	<b>5,298,750</b>	-	-	<b>5,298,750</b>
Deferred Income realized	113,875	-	-	113,875
Transfers in Kind	-	-	-	-
<b>Total</b>	<b>5,412,625</b>	-	-	<b>5,412,625</b>

**7. Use of Goods and Services**

Description	FY 2024/25
	<u>Kshs</u>
Training payments	5,298,750
<b>Total</b>	<b>5,298,750</b>

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

**8. Depreciation and Amortization expense**

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	113,875
Intangible Assets	-
<b>Total</b>	<b>113,875</b>

**9. Cash and Cash Equivalents**

Description	FY 2024-2025	1 <sup>st</sup> July
	Kshs	Kshs
Cash in Bank [ Central Bank of Kenya A/C 1000738577]	63,720	63,720
Cash on hand	-	-
<b>Total Cash and Cash Equivalents</b>	<b>63,720</b>	<b>63,720</b>

**Project Bank Accounts**

Details	FY 2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Foreign Currency Accounts</b>		
Central Bank of Kenya [A/c No.....]	-	-
Total Foreign Currency balances	<u>-</u>	<u>-</u>
<b>Local Currency Accounts</b>		
Central Bank of Kenya [A/c No 1000738577]	63,720	63,720
Total local currency balances	<u>-</u>	<u>-</u>
<b>Total bank account balances</b>	<u><b>63,720</b></u>	<u><b>63,720</b></u>

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

**10. Property, Plant and Equipment**

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Depreciation rate</b>	<b>25%</b>	<b>12.50%</b>	<b>30%</b>	<b>37.5%</b>		
<b>As At 1 July 2024 (opening balances)</b>	-	-	-	-	-	-
Additions	-	167,000	310,000	-	-	477,000
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	<b>167,000</b>	<b>310,000</b>	-	-	<b>477,000</b>
<b>Depreciation And Impairment</b>						
<b>As at 1 July 2025</b>	-	-	-	-	-	-
Depreciation charge for the year	-	20,875	93,000	-	-	113,875
Impairment loss	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2025</b>	-	<b>20,875</b>	<b>93,000</b>	-	-	<b>113,875</b>
<b>Net Book Values</b>		146,125	217,000	-	-	363,125
<b>As at 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	<b>146,125</b>	<b>217,000</b>	-	-	<b>363,125</b>

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11. Trade and Other Payables

Description	FY 2024-2025		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables(National Treasury)	63,720		-	
Employee payables	-		-	
Other payables (specify)	-		-	
<b>Total trade and other payables</b>	<b>63,720</b>		<b>-</b>	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	63,720	100%	63,720	100%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>-</b>		<b>-</b>	

12. Deferred Income

Description	FY2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Development partner 1	363,125	-
Development partner 2	-	-
<b>Total Deferred Income</b>	<b>363,125</b>	<b>-</b>

Deferred Income Movement Schedule

	Development Partner 1	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 <sup>st</sup> July 2024	-	-	-	-
Additions	5,775,750	-	-	5,775,750
Transfers To Performance Statement as Revenue	(5,412,625)	-	-	(5,412,625)
<b>Balance as at 30<sup>th</sup> June 2025</b>	<b>363,125</b>	<b>-</b>	<b>-</b>	<b>363,125</b>

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**13. Cash Generated from Operations**

Description	FY2024-2025
	Kshs
Surplus/Deficit for the year	363,125
<b>Adjusted for:</b>	
Depreciation	113,875
<b>Working capital adjustments</b>	
Increase in inventory	-
<b>Net cash flow from operating activities</b>	<b>477,000</b>

**14. Special Deposit Accounts**

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

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

**Special Deposit Accounts Movement Schedule**

Description	FY 2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>(i) A/c Name [A/c No.....]</b>		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
<b>Closing balance (as per SDA bank account reconciliation)</b>	-	-
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	-	-

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**15. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) The Parent Ministry.
- ii) Key management.

Description	FY 2024-2025
	Kshs
<b>Transactions with related parties</b>	
<b>a) Sales to related parties</b>	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
<b>Total</b>	-
<b>B) purchases from related parties</b>	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
<b>Total</b>	-
<b>b) Grants /transfers from the government</b>	
Grants from national govt	-
<b>Total</b>	-
<b>c) Expenses incurred on behalf of related party</b>	
Payments of salaries and wages for No. employees	-
Payments for goods and services	-
<b>Total</b>	
<b>d) Key management compensation</b>	
Directors' emoluments	-
Compensation to key management	-
<b>Total</b>	-

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*Notes to the financial statements continued*

**16. Events after the Reporting Period**

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

**17. Ultimate And Holding Entity**

The project under the State department for Youth and Creative Economy. Its ultimate parent is the Government of Kenya.

**18. Currency**

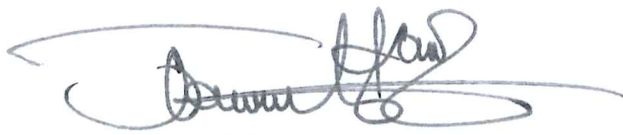
The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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**13. Annexes**

**Annex 1: Prior Year Auditor-General's Recommendations**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	NONE			
	NONE			
	NONE			



.....  
**Fikirini Jacobs Katoi Kaindi**  
**Principal Secretary**



.....  
**Dr. Josephine S. Etenyi**  
**Project Coordinator**

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Annex 2: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department of XXX				
<b>a.</b>	<b>Government Counterpart funding</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
			-	
		<b>Total</b>	-	
<b>B.</b>	<b>Direct payments</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		<b>Total</b>	-	
<b>C.</b>	<b>UNFPA</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
			5,775,750	2024-2025
		<b>Total</b>	<b>5,775,750</b>	
		<b>Total (A+B+C)</b>	<b>5,775,750</b>	

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

Project Coordinator  
 GOK/UNDFPA 10<sup>th</sup> Country Programme

Sign: 

Date: 17/09/25

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

Sign: 

Date: 17/9/2025

