

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**YOUTH ENTERPRISE
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30054 - 00100 NAIROBI
KENYA
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YOUTH ENTERPRISE DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2022

**Youth Enterprise Development Fund
Annual Report and Financial Statements
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1. Key Entity Information and Management

(a) Background information

The Youth Enterprise Development Fund was established under the Legal Notice No.63 of May 2007. The Youth Enterprise Development Fund is domiciled in Kenya and has offices in all the 47 counties in. The Fund falls under Ministry of ICT, Innovation and Youth Affairs which is responsible for general policy and strategic direction of the Fund.

(b) Principal Activities

The principal purpose/mission of the Youth Enterprise Development Fund is to increase economic opportunities for, and participation by Kenyan youth in nation building.

The Fund was established in order to;

1. Provide loans to and for on-lending to youth enterprises
2. Attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure that will be beneficial to youth enterprises
3. Support youth oriented micro, small and medium enterprises to develop linkages with large enterprises
4. Facilitate marketing of products and services of youth enterprises both in the domestic and the international markets
5. Provide business development services to youth enterprises
6. Facilitate employment of youth in the international labour market

Our Vision

Economically empowered Kenyan youth running sustainable enterprises.

Our Mission

To increase economic opportunities for and participation of Kenyan youth in job creation, through innovative affordable financing, enterprise development and strategic partnerships.

Our Core Values

The Fund endeavours to uphold the following core values to ensure effective and efficient delivery:

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- i. Customer focus:** The Fund is committed to consultation and participation to ensure responsiveness to the needs and aspirations of the Kenyan youth.
- ii. Creativity and innovation:** The Fund endeavours to cultivate and promote a culture of adopting technologically driven ideas and processes that create new value in the delivery of services to the Kenyan youth.
- iii. Equity and fairness:** The Fund is driven by fairness and impartiality in service provision to all.
- iv. Professionalism:** The Fund will adhere to a prescribed code of conduct and standards in the discharge of duties
- v. Integrity and accountability:** The Fund will observe high moral and ethical standards as well as transparency in service provision.

(c) Key Management

The Youth Enterprise Development Fund's day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Mr. Benson Muthendi
2.	Lending & Investment Manager	CPA Judy Kimeto
3.	Finance Manager	CPA Benedict Atavachi
4.	Ag. Senior Internal Auditor	CPA Ibrahim Musani
5.	Human Resource Manager	Ms. Truphenah Omung'ala
6.	Ag. Public Relations Manager	Ms. Felistas Orandi
7.	Ag. Supply Chain Manager Officer	Ms. Maureen Bosire

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No.	Designation	Name
8.	Legal Assistant	Mr. Patrick Odanga
9.	Enterprise Development Officer	Mr. Morris Ondiek
10.	Administration Officer	Mr. Josephat Maende
11.	Information & Communication Technology Officer	Mr. Joseph Alumasa
12.	Monitoring & Evaluation Officer	Ms. Isabella Kathambi
13.	Ag. Credit Manager	Mr. Samuel Njue
14.	Ag. Marketing & Linkages Officer	Mr. Morris Murimi
15.	Senior Accountant	CPA Robert Mrima

(e) Fiduciary Oversight Arrangements

To carry out its mandate the Fund is run by a Board of Directors who discharge their duties through the following board committees;

1. Operations and Strategy Committee
2. Finance Committee
3. Audit, Risk and Compliance Committee
4. Human Resource and Administration Committee

By the time the adjusted accounts were prepared, all the board members term had lapsed with the exception of Ms. Faith Norah Lukosi.

Operations and Strategy Committee

In order to provide effective oversight on the operations of the Fund and delivery of its core mandate, the Operations and Strategy Committee was established by the Board in its 73rd Full Board meeting held on 30th July 2020. Its mandate is:

- i. Development, review and implementation of the Fund's Strategic Plan;
- ii. Alignment of strategy to the national development goals and sector performance standards;
- iii. Development and/or review and implementation of the Fund's Resource Mobilization and sustainability strategies;

- iv. The establishment of strategic partnerships and collaborations;
- v. The performance contracting process;
- vi. Development/review of loan products;
- vii. Reviewing and recommendation of loans above the Executive Committee threshold and loans to financial intermediaries;
- viii. Review and implementation of the Credit Policy, Commercial Infrastructure Policy, Enterprise Development Policy, Market support and Linkages Policy and related policies;
- ix. Oversee performance and identify areas of improvement in:
 - a) Credit, Recovery and Risk function;
 - b) Commercial Infrastructure programme;
 - c) Market Support and Linkages programme; and
 - d) Capacity Building and Enterprise Development.
- x. Undertake any other business as directed by the Board or relevant to the mandate of the Committee.

The membership of the committee during the year under review was as follows;

1. Dr. Grace Wambui Kibuku - Chairperson
2. Ms. Emily Maina
3. Dr. Susan Njoki Mambo
4. Mr. Amos Mogeni Isoe
5. Mr. Ezra Chiloba
6. Mr. Roy Telewa Sasaka
7. Mr. Benson Muthendi – Secretary

Finance Committee

The Finance Committee is responsible for the Finance and procurement functions of the Fund.

The terms of Reference include;

- i. Preparation and implementation of the Fund's annual budget
- ii. Preparation and submission of the Fund's financial statements within timelines as stipulated by law and Government policies
- iii. Preparation, monitoring and presentation of internal YEDF fund documents including, but not limited to:

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- a) Cash flow statements
- b) Creditors & debtors reports
- c) Quarterly Profit & Loss statements
- d) Financial statements on product performance
- iv. Address any other Finance related matter incidental thereof.
- v. Preparation of the Fund's procurement plans, its alignment with approved budget and implementation;
- vi. Maintaining of the Fund's assets inventory and disposal of assets and other administration matters as may arise from time to time;

The members who served on this committee during the year under review were;

1. Mr. Amos Mogeni Isoe - Chairman
2. Mr. Roy Telewa Sasaka
3. Mr. Samwel Kumba
4. Ms. Emily Maina
5. Mr. David Wambete
6. Mr. Ezra Chiloba -
7. Mr. Benson Muthendi – Secretary

Audit, Risk and Compliance Committee

Audit Risk, and Compliance Committee is responsible for monitoring and reviewing the effectiveness of internal controls and business risk system of the Fund. The terms of Reference include;

- i. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- ii. Provide an independent review of an entity's reporting functions to ensure the integrity of financial reports.
- iii. Monitor the effectiveness of the Fund's performance management and performance information.
- iv. Provide strong and effective oversight of the Fund's internal audit function.
- v. Provide effective liaison and facilitate communication between management and external audit.
- vi. Provide oversight of the implementation of accepted audit recommendations.

- vii. Ensure that YEDF effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

The members who served on this committee during the year are as follows;

1. Dr. Susan Njoki Mambo - Chairperson
2. Hon. Catherine Kasimu Munanyi'e
3. Ms. Emily Maina
4. Mr. David Wambete
5. Mr. Roy Telewa Sasaka
6. Mr. Ibrahim Musani – Secretary

Human Resource and Administration Committee

The terms of reference are as hereunder:

- a) Review and implementation of the Fund's organizational structure and enabling Human Resource instruments;
- b) Address any arising Human Resource matters incidental thereof.
- c) Development, review and implementation of the Fund's monitoring and evaluation framework;
- d) Develop, review and implement corporate branding programmes;
- e) Review of the corporate ICT & Communication policy and oversight its implementation;
- f) Review and implementation of the Fund's service delivery charter;
- g) Provide oversight on the Fund's legal operations;

The members who served on this committee during the year are as follows;

1. Hon. Catherine Kasimu Munanyi'e - Chairperson
2. Dr. Grace Wambui Kibuku
3. Mr. Roy Telewa Sasaka
4. Mr. Samwel Kumba
5. Ms. Emily Maina
6. Mr. David Wambete
7. Mr. Benson Muthendi – Secretary

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(f) Entity Headquarters

P.O. Box 48610 - 00100
Renaissance Business Park
4th Floor
Elgon Road, Upper Hill
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 20 2211672, 0723522841
E-mail: info@youthfund.go.ke
Website: www.youthfund.go.ke

(h) Entity Bankers

1. Equity Bank of Kenya
Community Branch, NHIF Building, Ragati Road
P.O. Box 75104
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
KENCOM House, Moi Avenue
P.O. Box 48400
GPO 00100, Nairobi Kenya



(i) Independent Auditors

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



(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



2. The Board Of Directors

Ref	Directors	Details
1.	 <p>CHAIRMAN: Dr. Eng. Victor M. Mwongera, PhD, PE. Date of Birth – 12th May 1986.</p>	<p>Dr. Eng. Mwongera Phd, PE, is a non-executive Director who holds a PhD in Aerospace Engineering and Masters in Aerospace Engineering, both from University of Bristol, UK.</p> <p>He is an Aerospace Engineer in the field of unmanned aerial vehicles (Drones). He is currently working at Kenyatta University as a lecturer and Coordinator for the newly christened Aerospace Engineering Programme within the School of Engineering where he mentors youth from various backgrounds.</p> <p>He has also previously worked with the University of Bristol as a research collaborator and teaching support assistant, with Rolls-Royce PLC as an undergraduate engineer and Centum Investments as an investment analyst intern.</p>
2.	 <p>DIRECTOR: Hon. Catherine M. Kasimu. Date of Birth – 1971.</p>	<p>Hon. Kasimu is an independent non-executive Director and chairs the Human Resource and Administration Board committee.</p> <p>She holds a Bachelor of Public Administration and a Diploma in County Governance and Leadership, both from the KCA University. She has over 17 years' experience in Public Service Administration at both National and County government levels. She served as a nominated Member of the County Assembly, Kitui, between 2013 and 2017. She has previously worked with the then Ministry of Public Works and Housing and is currently in private business.</p>



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<p>3.</p>	 <p>DIRECTOR: Dr. Grace Wambui Kibuku. Date of Birth – 7th October 1962.</p>	<p>Dr. Kibuku is an independent and non-executive Director who chairs the Operations and Strategy Board Committee.</p> <p>She holds a Bachelor of Arts in Political Science with a focus on International Relations and Diplomacy. She has a Diploma in Information Technology and a certificate in Governance and leadership. She is also a certified professional mediator. Dr. Kibuku has received various accolades including the Devolution Community Awards 2016; Giraffe Heroes Awards 2014; Global Environmental Peace Awards 2010 and the Rotary International District 9200 Humanitarian award and Disaster Management Kenya in 2007-2008. Dr. Kibuku is currently the Managing Director of Green Deserts Global. She is also a Professional Supreme Court annexed mediator, an Agripreneur and a member of the Nakuru Business Association.</p> <p>Dr. Kibuku is an independent and non-executive Director who chairs the Operations and Strategy Board Committee</p>
<p>4.</p>	 <p>DIRECTOR: Ms. Emily Maina: Date of Birth; 1st March 1966.</p>	<p>Ms. Maina is the Director in charge of Youth Development and the Alternate to the Principal Secretary at the State Department of Youth Affairs. She holds a Master degree in Education (curriculum studies) from University of Nairobi and a Bachelors' degree of Education from Kenyatta University. She oversaw implementation and mainstreaming of policies, programmes and activities on youth development at the local, national and international level, as well as youth empowerment, enterprise development operationalization of empowerment centres and strengthening of strategic linkage to drive youth agenda. Ms. Emily strengthened partnerships which escalated TVET reforms by supporting new agencies involved in rebranding,</p>



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		<p>curriculum development, quality standards and capacity development for TVET managers. She also opened up collaboration between Kenya and international partners resulting in benchmarking of best practices. The courses attended include: Strategic Leadership, Entrepreneurial Management, Corporate Governance and Critical skills Development.</p>
5.	 <p>DIRECTOR: Mr. Amos Mogeni Isoe. Date of Birth – 14th May 1988.</p>	<p>Mr. Isoe holds a Bachelor of Commerce degree in Finance and a Diploma in Business Administration, both from the KCA University. He is currently pursuing his Certified Public Accountants studies and is an entrepreneur. He has previously worked as a Business Assistant at the Titans Business limited and a Direct Sales Representative at I &M Bank.</p> <p>Mr. Isoe is an independent non-executive Director who chairs the Finance Board Committee</p>
6.	 <p>DIRECTOR: Dr. Susan Mambo. Date of Birth - 27th October 1982.</p>	<p>Dr. Mambo holds a PhD in Health Systems Management, a Master of Public Health and a Bachelor of Science in Environmental Health. She is a professional in grant writing and has completed various courses in senior management, Food Quality Standards and Regulations, Master internship training, Statistical Package for Data Analysis and Bio Safety Risk Assessment. Dr. Mambo is currently the Head of Department, Environmental Health and Disease Control at the Jomo Kenyatta University of Agriculture and Technology. She has previously worked as an Assistant Lecturer, a full time lecturer in the faculty of Public Health, and is a faculty Member at Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>


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		<p>Dr. Mambo is an independent non-executive Director who chairs, the Board Audit, Risk and Compliance Committee.</p>
7.	 <p>DIRECTOR: Mr. Samuel K. Kumba. Date of Birth – 19th February 1980.</p>	<p>Mr. Kumba holds a Master of Public Administration and a Bachelor of Arts in Communication and Media Technology. He has attended trainings in Senior Management, Strategic Leadership Development, Economic and Financial Reporting, Good Governance, Covering Elections, Management of Meetings and Minutes Writing, Quality Management Systems, Implementation of ISO 9001:2008, Fire Marshal and Emergency First Aid and Training and Standard Awareness (ISO 9001:2000). He is currently the Director Corporate Communications at the Kenya School of Government. He has previously worked as a Senior Writer at the Nation Media Group, A Business Writer for the Financial Post; A Reporter at the Kenya Times Media Trust and a Television Producer of Sauti Ya Rehema Television and Radio. Mr. Kumba is an independent non-executive Director</p>
8.	 <p>DIRECTOR: Mr. Roy Sasaka. Date of Birth – 10th October 1987.</p>	<p>Mr. Sasaka is the Chief Executive Officer of the National Youth Council (NYC), a state corporation with official mandate for advisory, research and policy institution on youth affairs in the country. Prior to his appointment, Mr. Sasaka served as the Head of Procurement at the Kenya Deposit Insurance Corporation (KDIC) and as the Deputy Head of Procurement at the Competition Authority of Kenya (CAK), among other public and private sector institutions. Roy holds an MBA in Operations Management, a Bachelor of Arts in Communication and Political Science as well as a Bachelor of Commerce in Procurement and Supply Chain Management, all from the University of Nairobi. He is currently pursuing a PhD with a focus on</p>

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<p>9.</p>	 <p>DIRECTOR: Ms. Faith Norah Lukosi: Date of Birth September 2nd, 1990.</p>	<p>Operations Optimization from the same institution.</p> <p>Ms. Lukosi holds a Bachelors of Law degree from the University of Nairobi. She is a legal and policy consultant on policymaking and legislative processes, youth and gender mainstreaming, and climate justice.</p> <p>She also serves young people in different capacities as a Global Citizen Mentor under Ireland’s Global Youth Network Mentorship Programme, Chairperson of Nairobi Youth Advisory Group under National Democratic Institute, and Nairobi Youth Senator under Youth Senate Kenya. Notably, she was appointed to serve as a Technical Committee Member for review of the National Youth Council Election Guidelines 2020. She was also a member of the technical working group for development of the Nairobi City County Youth Policy.</p> <p>She has also previously worked at Athi Water Works Development Agency as a Legal Officer.</p>
<p>10.</p>	 <p>DIRECTOR: Mr. David M. Wambete. Date of Birth. 1st November 1974</p>	<p>Mr. Wambete holds a Masters’ degree in Economic Policy Management from Makerere University (Uganda), and a Bachelors’ degree in Economics from Moi University. He also has a Certificate in Project Appraisal and Risk Management from Duke Centre for International Development (USA).</p> <p>Mr. Wambete previously worked as a District Development Officer where he was responsible for the District’s overall development planning. Specifically, he oversaw programmes and projects implementation in areas such as Constituency development (under the Constituency Development Fund), poverty eradication (under the Poverty Eradication Commission), Millennium Development Goals, and HIV/AIDS management among others. Mr.Wambete has undertaken numerous</p>

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		<p>short professional courses within and outside the Country. The courses attended include: Policy, programmes and project management; Results based monitoring and evaluation; Transboundary resources management; Quality management systems; Performance management; Urban planning for developing countries; and Senior management course. Mr. Wambete is currently a Principal Finance Officer in the National Treasury. He is pursuing a course in accounting.</p>
<p>11.</p>	 <p>SECRETARY TO BOARD: YEDF AG.CEO Mr. Benson Muthendi. Date of Birth – 1st May, 1969</p>	<p>Mr. Muthendi helped found the Youth Enterprise Development Fund in 2007. He has extensive experience in youth development, community education and outreach. He holds a Bachelors of Education degree from Moi University, Diplomas in Public Relations and Management, and a certificate in Communication and Learning Technologies from Aharon Ofri, Israel. He is currently finalizing a Master's degree in Rural Sociology and Community Development. He has been head of the Communication and Training section at the Kenya Institute of Education where he also worked as a radio and TV programmes script writer and producer. He served as the communication and community mobilization officer for GOK/UNICEF ILFE project in Northern Kenya.</p>

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3. Management Team

	Management	Details
1.	 <p>Mr. Benson Muthendi</p> <p>B.Ed.(Hons) in Arts, Diploma in Public Relations Mgt., Diploma in Management, Certificate in Communication Technologies, Finalizing M.A in sociology & community Development</p>	<p>Ag. Chief Executive Officer</p>
2.	 <p>Ms. Truphena Omung'ala</p> <p>B.COM, Masters in Commerce (Business Administration) Diploma in Human Resource Mgt., Diploma in Labour Market, currently pursuing CPS and Advanced Diploma in Psychology.</p>	<p>Human Resources Manager</p>
3.	 <p>CPA Judy Kimeto</p> <p>Bachelor's degree in Business Administration, MBA; Certified Public Accountant CPA (K)</p>	<p>Lending And Investment Manager</p>

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<p>4.</p>	 <p>CPA Benedict Atavachi MBA (Finance), B.Com (Accounting) Certified Public Accountant CPA (K)</p>	<p>Finance Manager</p>
<p>5.</p>	 <p>CPA Ibrahim Musani CPA (K), B.Com</p>	<p>Internal Auditor</p>
<p>6.</p>	 <p>Ms. Maurine Bosire B.Com (Supply Chain), Member KISM</p>	<p>Ag. Supply Chain Officer</p>
<p>7.</p>	 <p>Ms. Felistas M. Orandi B. Arts (Public Relations)</p>	<p>Ag. Public Relations Manager</p>

4. Chairman's Statement

The high unemployment rate, globally and nationally, continues to challenge leaders and policymakers to seek innovative ways of addressing unemployment. The Youth Enterprise Development Fund (YEDF) is one of the strategies established by the government of Kenya to address the challenge of youth unemployment through enterprise development. The YEDF was established vide the 2012 Financial Management Act (PFM Act) and the Youth Enterprise Development Fund Regulation of (2006) legal notice No. 167/2006. The YEDF provides affordable financial and business support services to Youth aged 18-35 who wish to venture into entrepreneurship to create jobs for themselves and others.

The Fund has supported 2 million Youth with loans worth KShs. 14.2 billion to date. This has been achieved by revolving the Shs.4.5 billion from the National Treasury. At least 700,000 youth have been supported with business development services. The YEDF has disbursed a total of KShs. 1.1 billion in loans since the first case of Covid 19 was reported in Kenya. These loans have helped sustain Youth-owned enterprises, enabling them to diversify into new opportunities and maintain employees.

The YEDF is in the third year of implementing its 3rd cycle Strategic Plan covering 2020-24. The Plan seeks to transform the Fund into an efficient, responsive, and impactful entity that addresses the Youth of Kenya's current and future economic needs. The four key result areas indicated in the Plan will see the Fund grow its revolving kitty from KShs. 4.5 billion to 5.5 billion and increase loan disbursements to Youth from the current KShs. 13 billion to KShs. 16.17 billion. The key result areas will also see the Fund enhance its Business Development services to promote business innovations and build the capacity of our young people to run sustainable enterprises. The Plan identifies a strengthened institutional capacity and operations and adoption of diverse cost-effective revenue streams through collaborations and strategic partnerships as approaches to deliver on these critical areas.

During the period under review, measures to strengthen governance and accountability to guarantee predictability and consistency of processes were undertaken. Policies and procedures were reviewed to enrich the Fund's operations and enable it to deliver on its mandate effectively.

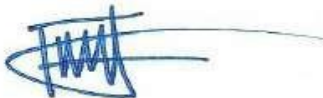
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The Fund also re-engineered the current loan products and developed new ones in tandem with the needs of youth entrepreneurs.

Some of the challenges faced during the financial year under review were the inadequate funding from the exchequer. The demand for services continues to grow tremendously, putting a strain on available resources. A limited entrepreneurial culture among young people and the negative impact of the Covid19 pandemic on youth-owned enterprises led to limited business growth and non-repayment of loans.

To mitigate the challenges, the Fund enhanced its outreach and entrepreneurship training activities to enhance the capacity of youth entrepreneurs. The Fund also enhanced its collaborations with other government agencies and the private sector to leverage expertise and resources to attain its mandate.

The YEDF reiterates its commitment to supporting Youth to attain their economic aspirations through affordable financing and business support services. We appreciate the Youth for patronizing our loan products and services. We thank our stakeholders and collaborators for their meaningful support throughout this financial year. We look forward to furthering cooperation in promoting youth economic development.



Ms. Faith Norah Lukosi
For: Chairman, Board Of Directors
Youth Enterprise Development Fund

5. Report of the Chief Executive Officer

The Youth Enterprise Development Fund (YEDF) is one of the measures by which the government of Kenya aims to promote employment creation amongst the Youth. It is a flagship project under the Social Pillar of the Kenya Vision 2030. The Fund provides loans for start-ups, business expansion, asset financing, agribusiness, talent development, and LPO/LSO financing. In addition, the Fund also provides business support services that include market support and linkages, entrepreneurship training and mentorship, commercial infrastructure, and facilitates Youth to take up job opportunities abroad.

During the year under review, the Fund disbursed a total of KShs. 370.01 M to youth entrepreneurs. At least 105,074 youth benefited from business support services. The loan recovery target of KShs. 600M was not met because the Covid-19 crisis affected the ability of our beneficiaries to repay their loans. Most of their operations were affected by the measures undertaken to control the spread of the virus. The Fund has put in place strategies to increase the amounts of loans recovered in the next financial year.

During the period under review, the YEDF reviewed its policies and procedures to enhance its operations, align them with the relevant laws and regulations, and keep abreast with the best practices in the financial sector. The Human Resource and Procedures Manual was reviewed to align with the Human Resource and Procedures Manual for Public Service (2016) and to guide staff placement, career growth, and compensations. The Finance Policy and Procedures Manual was appraised to provide efficient financial management and risk mitigation and support the mandate of the Fund. A review of the Credit and Procedures manual saw the Fund re-engineer its loan products and develop new ones to meet youth entrepreneurs' dynamic and changing needs.

To strengthen engagements with stakeholders, the Fund partnered with KCA University (Kenya) and the University of Nottingham (UK) to work on a project titled Co-production for Youth Entrepreneurship in Kenya (CoPYEK). This project, funded by the British Council, seeks to investigate the cause of the low transition from entrepreneurship learning offered by institutions of higher learning and entrepreneurship training organizations to the successful practice of entrepreneurship by young people in Kenya. The YEDF also worked closely with the

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International Organization for Migration (IOM) and other key government and private stakeholders in the labor migration space to advocate for safe labor migration for Kenyan Youth.

Fostering entrepreneurship among young people requires concerted efforts from all players in the youth space. The YEDF continues to engage the Youth to review its programs in line with their changing needs, creativity, and potential. We call upon like-minded partnerships in the private and public sectors to work with us to promote youth economic empowerment.



Mr. Benson Muthendi
Ag. Chief Executive Officer
Youth Enterprise Development Fund

6. Statement of Youth Enterprise Development Fund Performance Against Predetermined Objectives For Fy 2021/2022

The Fund has four strategic pillars and objectives within its Strategic Plan for the FY 2020/2021- 2023/2024. These strategic pillars are as follows:

Pillar 1: Affordable Credit

Pillar 2: Business Development Services

Pillar 3: Resource Mobilization

Pillar 4: Strengthening Strategic Operations

Further, the Fund’s strategic objectives as outlined in the strategic plan are to:

- i. Grow the revolving fund kitty
- ii. Increase loan uptake
- iii. To facilitate establishment and sustainability of youth owned enterprises
- iv. To promote youth-owned business innovations
- v. Promote collaborations and strategic partnerships
- vi. To expand and adopt diverse, cost effective revenue streams
- vii. To strengthen the Fund’s institutional capacity and operational efficiency in service delivery.

The Board develops its annual work plans based on the above strategic objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis through the performance contracting targets progress reports. The Fund performance targets as set out for the FY 2021/2022 period for its four strategic pillars are as indicated in the diagram below:

Strategic Pillar	Objective(s)	Key Performance Indicator(s)	Activities	Achievements
Affordable Credit	To Grow the revolving fund kitty	Amount of loans recovered/repaid back to the revolving fund	Enhanced loan recovery efforts	Recovered Ksh.276.8 Million of loans disbursed
	To increase loan uptake	Amount of loans disbursed to youth entrepreneurs	Loan disbursements to youth owned enterprises	Disbursed Ksh.370.01 Million to youth enterprises

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Business Development Services	To facilitate establishment and sustainability of youth owned enterprises	Number of youth sensitized and trained in entrepreneurship skills	Undertake entrepreneurship trainings and sensitizations across the country	Sensitized and trained 97,880 youth in entrepreneurship skills
		Number of youth enrolled and mentored in a business mentorship program	Enrol and mentor youth in a business mentorship program	Enrolled and mentored 3,490 youth in a business mentorship program
		Number of youth facilitated/supported to access market for their products	Support/facilitate youth to market their products locally/internationally through for example market exhibitions, trade fairs, ASK Shows	Facilitated 1,304 youth to access market for their products
	To promote youth-owned business innovations	Number of youth supported to access business innovation and incubation facilities	Facilitate and support youth to access business innovation and incubation facilities through partnerships and collaborations with business innovation/incubation hubs	Supported 1,340 youth to access business innovation and incubation services
Resource Mobilization	To expand and adopt diverse, cost effective revenue streams	Number of MOUs signed/Strategic Partnerships/Collaboration	Source and engage strategic development partners and collaborations to mobilize/raise funds in-cash or in-kind to fill resource gaps at the Fund	YEDF engaged 3 new partners in FY 2021/22. Synergies from strategic partnerships are instrumental in enabling achieve its objectives cost-effectively while enhancing its impact. Most partnership support YEDF activities in-kind.
		Amount mobilized/raised from resource mobilization initiatives	Lobby and mobilize funds in-cash or in-kind from strategic development partners and collaborations	The Fund raised Ksh.9, 619, 000.00 through various sources. Performance in FY

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				<p>2021/22 went down mainly due to reduced collection of training fees. YEDF temporarily scaled down its Youth Employment Scheme Abroad training as the international labour market was yet to fully recover from the disruptions by COVID 19.</p> <p>In FY 2021/22, out of the targeted Kshs. 48,576,400, Kshs. 9,619,000 cash and in-kind resources was realized. The negative variance is attributed to a number of factors key among them, an inadequate budget allocation for resource mobilization, uncertainties due to the proposed merger of YEDF with other identified organizations as well challenges occasioned by past negative public image/perception that hampered resource mobilization efforts.</p>
Strengthening Strategic Operations	To strengthen the Fund's institutional capacity and operational	Status of the Enterprise Resource Planning (ERP) installation	Complete Phase II of the ERP installation	Phase II of the ERP installation project was initiated and at its final stage of completion

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	efficiency in service delivery	Number of staff trained to build capacity and enhance competence	Undertake a staff training needs assessment	Staff Training Needs Assessment was undertaken
			Develop a staff training program/calendar	Staff Training program/calendar was developed
			Facilitate training for the identified staff	Trained 20 staff to build capacity and enhance competence
			Trained 142 staff members on credit management and policy and sensitization of the Fund's mainstreaming activities on the affirmative action Funds e.g. disability, gender, HIV & AIDS and ADA	
	Absorption capacity of allocated funds	Monitor and ensure compliance of PFM Act 2012	Attained 100% absorption capacity of allocated funds	
Development of a risk mitigation framework	Undertake development of a risk mitigation framework	Developed a risk mitigation framework		

7. Corporate Governance Statement

The Board is responsible for the long-term strategic direction and sustainable growth of the Fund. It is committed to observing the highest standards of corporate governance and has set transparent and clear policies, procedures, structures and systems, which achieve effective, prudent, integrated and consistent management and oversight of the Fund's activities. These enhance risk management, internal controls and cost effectiveness of the Fund in line with the Fund's Vision, Mission and Strategy.

The Board's conduct is regulated by the provisions of the Board Charter. It defines the governance parameters within which the Board exists and operates, sets out specific responsibilities of the Board, members of the Board and Board Committees. It also stipulates the policies and practices of the Board in respect of induction, appointments, conflict of interest, Code of conduct, performance evaluation and remuneration of the Directors among others.

The day-to-day running of the Fund is delegated to the Chief Executive Officer but the Board is provided with full, appropriate and timely information so that they can maintain full and effective control over the activities of the Fund. The Chief Executive officer is the accounting officer who is responsible and answerable to the National Assembly. He has a duty to Parliament to be held to account for all policies, decisions and his actions. The Board held the following meetings for the period under review;

i)	Full Board Meetings	-	9
ii)	Board Committee meetings	-	20

With respect to succession planning, Board members are appointed by the Cabinet Secretary within certain intervals to avert the crisis that would ensue after lapse of some of the Board member(s) term. The said members are trained as per the dictates of Mwongozo, the Code of Governance for State Corporations, 2015 once appointed.

Board members performance is evaluated annually in accordance with the State Corporations Advisory Committee's calendar year. This is meant to measure the Board's capacity to execute its mandate while advising and or recommending corrective measures where the same is

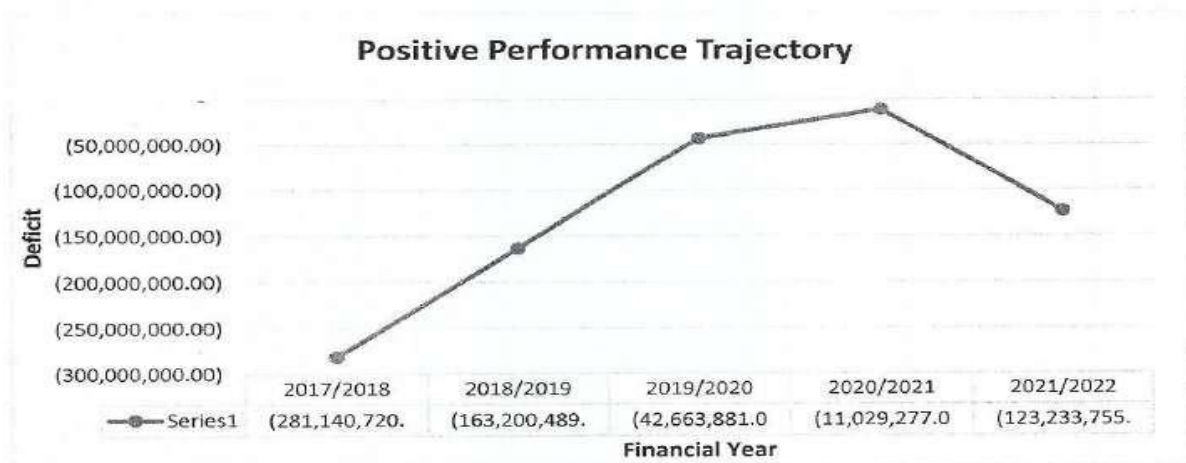
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desirable. During Board meetings, members are required to declare any conflict of interest they may have over any of the agendas to be deliberated; this is then captured and/or recorded in the minutes and the declarations of interest book.

The office of the Auditor General is responsible for auditing the Fund's books and systems annually, however, the Fund on need basis may conduct an independent Legal/governance audit.

8. Management Discussion and Analysis

The Fund has achieved major milestones in regard to prudential financial management, accountability and compliance to the law. All the expenses were within the approved budget for the Financial year 2021/2022, however, the fund realised 87.67% of its' budgeted income in the year under review. From the review of the annual reports and financial statements for the financial year ending 30th June 2019, the Fund had a deficit of Kshs. (163,200,489). In the subsequent years, being the financial years ending 30th June 2020 and 2021 respectively, the figure reduced to a deficit of Kshs. (42,663,881) and Kshs. (11,029,277) respectively. The current annual report and financial statement has a of the deficit to Kshs. (123,233,755) in the financial year ending 30th June 2022 largely owing to a one-off downward revaluation of hatcheries. The Fund is therefore expected to report a surplus in the financial year 2022/2023 predicting by the positive trend achieved in the last three years.



Lending being the key mandate of the Fund which is the main driver towards the achievement of the Funds vision of empowered youth running sustainable enterprises. During the period, a total of Kshs 370.01 million was disbursed across the country. Kshs 276.8 Million was also recovered. In order to boost loan uptake and improve the turnaround time on loans, the fund reengineered and developed new products through the review of the credit policy. Sensitization drives were also conducted across the country to create awareness on the improved loan products. A major achievement during the period was the creation of access points for the loan processing system in all the 47 counties. This saw an increase in the speed

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of processing loans since officers can now process loans at the comfort of their offices. To improve on loan recoveries, new strategies such as the use of debt collectors, listing of group borrowers with CRB, use of auctioneers and enhanced loan appraisal methods were adopted. The completion of the ERP system will also be a big boost in management of the Funds loan portfolio.



Photo: Asset Financing



Photo: Asset Financing

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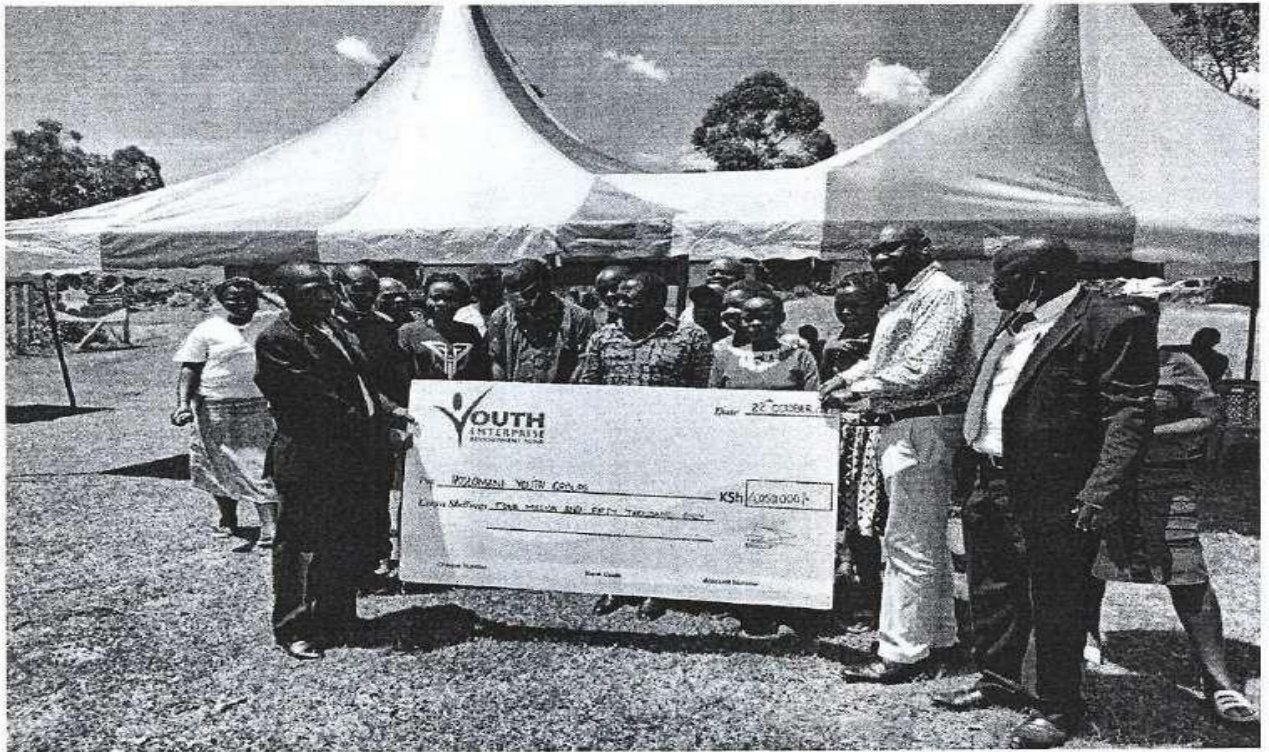


Photo: Cheque Issuance to Youth Groups

On non-financial indicators, the Fund generally registered an improved performance under its mandate areas. To enhance business development services, the Fund trained **97,880 youth** on entrepreneurship skills and access to Government procurement Opportunities (AGPO); 1,304 youth were facilitated and supported to access market for their products and services; Supported **1,340 youth** to access business innovation and incubation services as well as access affordable trading spaces. Armed with such key skills, the Fund is hopeful that credit advanced will turn out to be a success in terms of successful businesses.

The Enterprise Development unit provides Entrepreneurship training and appropriate Business Development Services to youth engaging in business in order to ensure that they have adequate skills, and are able to identify and tap into business opportunities, while embracing modern business management techniques. The Unit also facilitates employment of youth abroad by

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offering pre departure training to labour migrants. In this financial year the fund will engage employers abroad and recruit youth for jobs in the international labour market.

The Market support and Linkages department is mandated to facilitate youth in marketing their products locally and internationally. Within this stated period of the financial year 2021/2022, the department supported **1,328 youth** to market their products locally and internationally, through organized local and international exhibitions and trade fairs, online market promotions, value addition to improve youth products and fetch competitive prices, creation of product aggregation points and linking youth with larger enterprises, sensitizations on branding, product standardizations, patenting, trademarks, barcoding, packaging and other market promotion strategies that position the youth products in the competitive market.

In line with the Fund's strategic plan, YEDF developed a Resource Mobilization Strategy document. The document, which was approved by the YEDF Board in FY 2021/22, outlined specific and well-thought-out strategies to establish and expand diverse and cost-effective revenue streams with a view to bridging the Fund's resource gaps while meeting its growth and future sustainability objectives. Specific strategies and activities to enhance YEDF's capacity to generate internal revenue (A-in-A) were proposed. Furthermore, strategies to favorably position YEDF to attract external funding from donors/development partners were also outlined. Strategies to leverage on strategic partnerships to further YEDF's objectives as well as the efficient utilization of received resources were also highlighted in the document. The Fund started the implementation of its resource mobilization strategy in FY 2021/2022 with most of the plans expected to start bearing fruit from FY 2022/23. Some of the key challenges encountered in implementing the YEDF resource mobilization strategy include constraints in budgetary allocation to implement the resource mobilization activities, uncertainties occasioned by the proposed merger of YEDF with other identified agencies and past negative public image issues that continue to unfavorably affect the perception of some potential donors towards YEDF.

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Photo: Partnership between Khalifa Enterprise Fund (Dubai) and YEDF

During the FY 2021/2022, the management focused effort in achievement of the PC target in several thematic areas. These included hybrid products encompassing the Funds mandate .The Fund ran several programs in this area which would originate with market linkages, Commercial infrastructure, Credit facility and capacity building. In **Tharaka Nithi County 62 youth** were assisted to acquire 30 acres which was put into **White Sorghum farming**, East Africa Malting Limited offered to provide market and take the entire harvest. In Kakamega County, through the Kakamega apiculture program, The Fund negotiated for 1 acre of land within the forest for establishment of an **Apiary farm** to be run by 10 youth groups within the county. In Homabay Black Solder fly program, integrated 10 youth groups to join the **black solder fly aggregator farming program**. The Fund's management took advantage of existing partnerships to drive its agenda in the area of innovations and incubations to support **start-ups in the 6 counties of Jumuiya ya county za Pwani**. Working with Sote Hub this collaboration has managed support Micro, medium and small enterprises in the area of Blue economy under the Go BLU project.

9. Environmental and Sustainability Reporting

The Youth Enterprise Development Fund (YEDF) exists to transform lives. This is our purpose; the driving force behind the very establishment of the institution, with the consideration that the youth make up the largest percentage of the economy being 70% of Kenya's population. With this in mind, our strategy is putting the youth first in the delivery of our mandates, services and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Management of YEDF is cognizant of political and macroeconomic risks affecting the Fund's sustainability. This includes political interference in the day-to-day running of the Fund's activities, inadequate funding received from the exchequer, poor loan repayments due to wrong perceptions towards government funds by the youth as well as dynamics of government re-structuring and competition from other lending institutions. To mitigate against the aforementioned risk exposure, the management of YEDF has put in place an enterprise risk framework that includes, but is not limited to; implementing the approved Resource Mobilization strategy where the fund source for additional funding from different stakeholders. This has proved to work for the organization, as for the financial year under review, the Fund received Kshs. 20 M from the National treasury and Kshs. 2 M from The University of Nottingham. The Fund has also enhanced in some income generating activities within its Mandate including YESA home care training and lease of commercial infrastructure structures which have both generated a cumulative amount of Kshs. 50 M for the last 3 years. In addition, the Fund also engages strategic partners that leverages and saves on program costs.

During the financial year under review, the fund partnered with GIZ-GIAE on the green innovation programme training and FAO of the United Nations on financial inclusion, Entrepreneurship training and sensitisation. These programs have enabled the fund to perform its mandate on the minimum cost possible. The Fund also ensures efficient utilization of its available resources by ensuring its expenditure are within the annual budget and income is realised within the financial year. On development revenues, the fund is implementing loan recovery efforts that will increase repayment rate to boost the revolving fund kitty.

Environmental performance

Environment sustainability and the need to address the climate crisis are priorities for the Youth Enterprise Development Fund. This financial year, we continued to reinforce our commitment to the practice of sound environmental stewardship and the promotion of our constituents' health, safety, and well-being. The Fund conducted its operations in compliance with environmental laws stipulated by the government of Kenya. Some of the tangible activities undertaken during the period under review included;

a) Tree planting

On 23rd March 2022, the Fund, in partnership with UNDP Kenya, the Kenya School of Government, and the County Government of Tana River, planted trees during the launch of the Tana River Centre for Innovation & Youth Empowerment. The Youth at the forum were urged to adopt environmentally friendly practices and recycle and preserve resources such as water and electricity.

On 10th June 2022, the Fund partnered with Kenya National Highways Authority and the National Youth Council in planting trees at Lenan Clock, Ngong Road. The exercise was part of the Greening Kenya Initiative launched by H.E. President Uhuru Kenyatta in 2018. The campaign aimed to increase the country's forest cover by 10% by 2022. The tree planting exercise saw the partners plant at least 1000 trees



b) At the Workplace

The YEDF has undertaken measures to encourage an environmentally conscious workplace. Staff are encouraged to turn off the lights and switch off electronic equipment around the office during off-hours to conserve energy resources. Staff communicate through electronic means and avoid printing to the extent that it will be possible to decrease the use of paper and ink. Where necessary, staff are encouraged to print on both sides of the paper. If printed on one side of the paper, documents that exceed one page are not accepted. In addition, the Fund uses liquid soaps to reduce solids that block sewer pipes. The Fund uses self-stopping taps in its washrooms to reduce incidences where taps are left running.

ii) Employee welfare

This is guided by the Board's Human Resource Manual which takes cognizance of the Constitution of Kenya 2010, Labour Laws, relevant legal status and the Public Service Commission Human Resource policies and procedures manual, 2016. The manual embodies the general conditions and terms outlining the obligations and rights of the Board as an employer and those of its staff.

Recruitment is well captured in the policy thus leaving no room for ambiguity and provides clarity on this key aspect. Our Employee welfare policy takes into an account the gender ratio and the Board abides by it during the recruitment process to ensure full compliance challenges notwithstanding.

Further, the policy gives clear guidelines on promotions and career growth of staff. The Fund strives to expeditiously fill vacancies by promotion of suitable employees. Consideration of promotions is in accordance with the provisions of the career guidelines developed for each cadre. Employees who have experience, qualifications and proven merit are first given priority.

On staff performance appraisals system, it is predicated upon principle of work planning, setting of agreed performance targets, feedback and reporting. This process is linked to other

human resource systems and processes including employee development, career guidelines, placement, rewards and sanctions. The Board has approved the Rewards and Sanctions Policy for implementation. The Policy will be implemented in the financial year 2022/2023 accordingly.

The Board is currently in the process of developing safety and health Act of 2007 (OSHA). The committee has come up with a draft which is due to be presented to the relevant Board committee for approval and adoption. The policy is to be amended from time to time as and when necessary. This changes will require authorization of the Board and relevant Government agencies where necessary and will be communicated to employees in writing by a separate communication.

The other policies besides this HR policy that take care of the employee's welfare at the Fund and are available include the following:

1. HIV /AIDS mainstreaming Policy
2. Alcohol & Drug Abuse Policy
3. Gender mainstreaming Policy
4. Disability mainstreaming policy
5. Whistle blower policy
6. Safety and occupational health Act of 2007 in draft form.
7. Staff welfare policy besides the HR policy.

All these are policies on welfare catering for the interests of staff and they are reviewed from time to time for update.

iii) Market place practices

a) Responsible competition practice.

The YEDF is committed to contributing to sustainable development through responsible business practices and competition. The Fund is an affirmative action fund established to address the challenge of youth unemployment through entrepreneurship. The Fund provides highly subsidized loans and business support services at no cost. These credit aims to enable Youth to start income-generating projects that would create sustainable

employment for themselves and others. The Fund is fully funded by the exchequer and, therefore, not a profit-making entity.

b) Responsible Supply chain and supplier relations

Youth Enterprise Development Fund maintains good business practices with its internal stakeholders being the respective departments and the external stakeholders that are the suppliers through;

(1) Proper maintenance of records

We ensure that we have proper documentation from the suppliers on their capability and ensure that they have all the Mandatory documents as required i.e. Registration certificates, Requisition forms, Request for quotations, Order processing, Delivery of goods/services, Inspection of the goods/ services to ensure they meet the set standards / specifications and finally payment of the supplier.

(2) Regular meetings

We have regular meetings to provide the organization with a regular forum on core values, allowing members to realign principles and give perspective on business practices. In these meetings we discuss the following:

- (i) Co-ordinate our supply schedule with theirs.
- (ii) Discuss ways to reduce overall costs through timing of orders/contracts.
- (iii) Consider additional products or services that our supplier could provide.
- (iv) Update them on strategic changes or new products early on - this helps them adapt to meet those changes.
- (v) Analyse how well we forecast sales and plan to meet our customer needs. Sharing the results of this analysis with our suppliers will allow us to develop accurate supply plans
- (vi) Use a purchase order system to control and monitor the buying of goods and services from suppliers - this facilitates internal financial controls and prevents specification misunderstandings at the supplier's end.

- (vii) Pay bills promptly. Delayed payments could lead to a strain in our relationship with the supplier and could lead to less favourable terms in future.

(3) Use technology to improve efficiency

A high speed Internet connection allows us to collaborate more closely with our stake holders through sharing plans, forecasts and consumer data.

Sharing such information with our stake holders makes it easier for us to:

- (i) Analyse real-time information about sales, orders or market trends
- (ii) Forecast and react quickly to changes in demand
- (iii) Improve efficiency - accurate information on stock. You will only order the supplies you need.

The Fund has implemented an ERP system that has enhanced the procurement process. The system has made it faster in terms of service delivery to our internal and external stake holders.

(4) Service level agreements

Service level agreements (SLAs) are agreements or contracts with suppliers that define the service they must provide and the level of service to be delivered, and which also set out responsibilities and priorities.

SLAs themselves are **contractual obligations** and are often built into a contract - in the form of one or more clauses or as an entire section. SLAs can be used in any supplier contract where a business' ability to meet its customer requirements is dependent on the supplier.

(5) Review our stake holder performance

We review our stake holder performance at regular intervals. If we have a service level agreement (SLA) it helps us to assess the business relationship in the most objective way possible.

If not, even at this stage it may be worth using an SLA to define the terms and level of service you require from them. The review process is particularly important as it ensures that we have a good after sale service.

Asking the following essential questions helps us ensure that we are getting the best possible deal:

- (i) **Price** - are we getting the best price? Does our supplier offer bulk discounts or other favourable terms?
- (ii) **Quality** - are we satisfied with the quality of our supplies?
- (iii) **Innovation** - do our suppliers regularly inform us of new products and services that might help improve our business?
- (iv) **Delivery** - are our suppliers punctual? Do the supplies arrive in good condition?
- (v) **Account management** - do our suppliers respond quickly to any orders or queries that we place with them?
- (vi) **SLAs** - are your suppliers living up to their end of the agreement?

c) Responsible marketing and advertisement

The Youth Enterprise Development Fund recognizes the importance of marketing and advertising communication to inform our target clients about our loan products and services. The YEDF is committed to meeting the highest standards for responsible marketing and advertising in all its messages disseminated through any medium. The Fund ensures its messages are not vulgar, insulting, or demeaning. When placing an advertisement, the Fund ensures that the messages are suitable, audience-appropriate, and relevant for the brand. We ensure that the messages are legal, decent, truthful, complete, accurate, properly substantiated, and not misleading. We also ensure that the messages respect human dignity and are non-discriminatory regarding ethnic origin, disability, or religion. This commitment is drawn from its code of conduct, core values, service charter, and policies that guide its operations.

Through continuous training, the Fund ensures its employees fully understand the laws and regulations governing marketing and advertising, including internal policies and

best practices. We do this not just because it is required by law but because it is the right thing to do.

d) Product stewardship

The Youth Enterprise Development Fund is devoted to providing financial products and services that safeguard the rights and interests of its clients. The Fund discloses to its clients all the requirements, including the costs of processing the loans and any other applicable interest charges. Staff are required to answer all questions and concerns raised by the applicant.

Personal information collected during the loan application process is treated with utmost confidentiality, while security documents are secured against theft and malicious damage. The client is informed of the purpose of the information collected and the intention to transfer to a third party where applicable.

iv) Corporate Social Responsibility / Community Engagements

The Youth Enterprise Development Fund seeks to be a good corporate citizen in all aspects of its operations and activities. The YEDF has formulated a CSR policy that guides its staff on how to conduct business in a sustainable and socially responsible manner to meet its stakeholders' expectations. The stakeholders include the Youth, employees, regulators, government, suppliers, the community, and the environment. The CSR programs address the Fund's stakeholders' social, economic, and environmental challenges. The YEDF has committed to carrying out at least one CSR activity every financial year.

During the year under review, the YEDF, in partnership with UNDP Kenya, the Kenya School of Government, and the County Government of Tana River, planted trees during the launch of the Tana River Centre for Innovation & Youth Empowerment. The Youth at the forum were urged to adopt environmentally friendly practices and recycle and preserve resources such as water and electricity.

The Fund also partnered with Kenya National Highways Authority and the National Youth Council in planting trees at Lenan Clock, Ngong Road. The exercise was part of the Greening Kenya Initiative launched by H.E. President Uhuru Kenyatta in 2018. The campaign aims to

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increase the forest cover by 10% by 2022. The exercise saw the partners plant at least 1000 trees.

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10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Youth Enterprise Development Fund's affairs.

i) Principal activities

The principal activities of the Fund are; provision of affordable credit and provision of business development services to the Kenyan Youth.

ii) Results

The results of the Fund for the year ended 30th June 2022 are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown on page iv to v. During the year, Director Ezra Chiloba resigned on 18th October 2021 and Director Faith Norah Lukosi was appointed vide a gazette notice with effect from June 2022.

iv) Surplus remission

The Entity did not make any surplus during the year (FY 2022 Kshs Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board

Name: Benson W. Muthendi

Secretary to the Board

Signature:



Date:

30/12/22

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11. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Youth Enterprise Development Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Youth Enterprise Development Fund for that year. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.

The Directors are responsible for the preparation and presentation of the Youth Enterprise Development Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2022. 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 Entity; (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 Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Youth Enterprise Development Fund'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 (the State Corporations Act). The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Youth Enterprise Development Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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Approval of the financial statements

The Youth Enterprise Development Fund's financial statements were approved by the Board on _____ 2022 and signed on its behalf by:



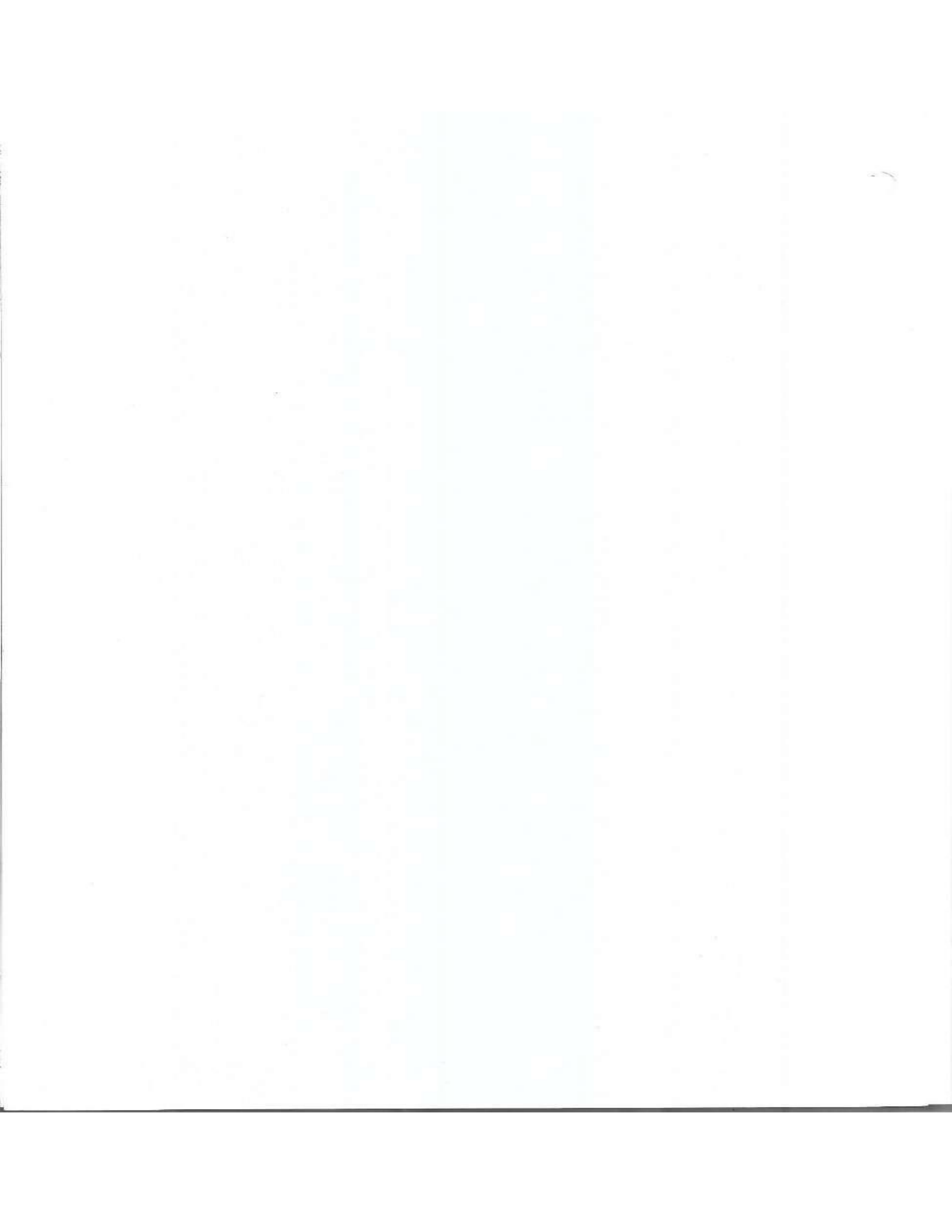
.....

Ms. Faith Norah Lukosi
For: Chairman, Board of Directors



.....

Mr. Benson W. Muthendi
Accounting Officer



REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON YOUTH ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in 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 Government achieves value for money and that such funds are applied for intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Youth Enterprise Development Fund set out on pages 1 to 34, which comprise of the statement of financial position as

Report of the Auditor-General on Youth Enterprise Development Fund for the year ended 30 June, 2022

at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the Youth Enterprise Development Fund as at 30 June, 2022, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.3,023,667,308 while Note 17 to the financial statements reflects a balance of Kshs.3,023,488,374. The variance has not been reconciled or explained. Further, the balance reflected in the statement of financial position includes unidentified loan repaid amount of Kshs.90,148,885. Out of the amount, Kshs.88,142,199 has remained unidentified since July, 2008. The Management has not explained the long delay in allocating the repayment to respective borrowers' accounts.

In addition, the receivables balance of Kshs.3,023,667,308, includes amount owed by Chase Bank Limited of Kshs.180,363,789. A review of judgement on corruption case Number 13 of 2016, revealed that the amount was irregularly paid to a supplier. This led to conviction of the Director and the Company for conspiracy to commit an economic crime, unlawful acquisition of public property and making false document. There was however, no evidence provided on whether the amount will be repaid to the Fund and its recovery is therefore doubtful.

The Management did not also provide for bad and doubtful debts.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.3,023,667,308 could not be confirmed.

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

Emphasis of Matter

Going Concern of the Fund

I draw your attention to the disclosure under Note 24 to the financial statements which indicate that the Fund has been reporting losses over several years. During the year under review, the Fund continued to register dismal performance, reporting a deficit of Kshs.123,233,755 (2021 - Kshs.11,625,570). The poor performance has prevailed over the last seven years. This has eroded the capital invested in the revolving Fund and impaired the ability of the Fund to discharge its mandate and thus, casts significant doubt on the ability to sustain its services in the foreseeable future.

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final budget and actual receipts on a comparable basis of Kshs.454,219,340 and Kshs.400,057,803 respectively resulting to an under-funding of Kshs.54,161,537, or 12% of the budget under the Recurrent Vote. Similarly, the Fund expended Kshs.523,291,558 against an approved budget of Kshs.443,119,340 resulting to an over-expenditure of Kshs.80,172,218 or 18% of the budget. The underfunding affected the planned activities and may have impacted negatively on service delivery to the public while the over-expenditure was incurred irregularly.

The statement of comparative budget and actual amounts also reflects final budget and actual receipts on a comparable basis of Kshs.730,000,000 and Kshs.406,800,000 respectively resulting to an under-funding of Kshs.323,200,000 or (44%) of the budget under the Development Vote. Similarly, the Fund expended Kshs.394,008,848 against an approved budget of Kshs.741,100,000 resulting to an under-expenditure of Kshs.347,091,152 or 47% of the budget. The underfunding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs 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. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Doubtful Recovery of Receivables from Non-Exchange Transactions

The statement of financial position and Note 18 to the financial statements reflect prepayments balance of Kshs.944,281, being rental deposits for premises that the Fund vacated in 2017. The refund is yet to be made contrary to Regulation 64(1) of the Public Finance Management (National Government) Regulations, 2015 which require an Accounting Officer to ensure adequate safeguards exist and are applied for the prompt collection and proper accounting for all revenue and adequate measures, including legal action where appropriate, are taken to obtain payment. Management did not provide explanation for not recovering the deposit. Further, no provision for bad and doubtful debts was provided in the financial statements.

In the circumstances, the recoverability of the rental deposits balance of Kshs.944,281 is doubtful and therefore, accuracy and completeness of the balance could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Grounded Motor Vehicles and Motor Cycles

A review of the assets register revealed that six (6) motor vehicles and one hundred and seventy five (175) motorcycles were grounded due to various mechanical defects. Although the Management indicated that, it sought for approval of the Head of Public Service for disposal of the assets on 6 March, 2018 no response had been received as at the time of the audit.

As a result, the assets continue to deteriorate and salvage value that could have been realized from sale, may be lost.

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.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance 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 Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 January, 2023

**Youth Enterprise Development Fund
Annual Report and Financial Statements
For the year ended June 30, 2022.**

13. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021/2022	Audited 2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Grants from GoK	6	344,089,300	299,490,000
		344,089,300	299,490,000
Revenue from exchange transactions			
Interest and fees	7	50,304,289	65,625,928
Other income	8	5,664,214	4,035,388
		55,968,503	69,661,316
Total revenue		400,057,803	369,151,316
Expenses			
Use of Goods and Services	14	87,658,475	77,481,748
Programme expenses	9	21,497,266	17,057,386
Employee costs	10	232,580,818	221,753,271
Board Remuneration & other related	11	24,693,278	16,148,274
Depreciation & amortisation expense	12	11,717,883	40,705,996
Repairs & maintenance	13	9,414,338	7,630,210
Total expenses		387,562,058	380,776,886
Other expenses			
Loss on revaluation of inventory	15	135,729,500	-
Deficit for the period		(123,233,755)	(11,625,570)

The notes set out on pages 12 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:



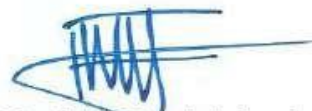
Benson W. Muthendi
Accounting Officer

Date: 30/12/2022



Benedict S. Atavachi
Head of Finance
ICPAK Member No: 3081

Date: 30/12/2022



Ms. Faith Norah Lukosi
For: Chairman, Board Of Directors

Date: 30/12/2022

**Youth Enterprise Development Fund
Annual Report and Financial Statements
for the year ended June 30, 2022.**

14 Statement of Financial Position as at 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	62,593,870	34,419,871
Receivables from exchange transactions	17	3,023,667,308	2,899,796,858
Receivables from non-exchange transactions	18	944,281	1,620,594
Inventories	19	36,600,500	172,330,000
		3,123,805,959	3,108,167,323
Non-current assets			
Property, plant and equipment	20	76,886,938	30,035,822
Investment Property	21	24,852,422	27,521,196
Intangible assets	22	13,021,968	4,868,866
		114,761,328	62,425,884
Total assets		3,238,567,287	3,170,593,207
Liabilities			
Current liabilities			
Trade and other payables from exchange	23	88,178,020	79,251,763
Total liabilities		88,178,020	79,251,763
Net assets			
Revolving Fund	27	3,521,495,976	4,167,798,856
Revaluation Reserve	26	40,056,427	-
Accumulated Deficit	25	(411,163,136)	(1,076,457,412)
Total Net Assets		3,150,389,267	3,091,341,444
Total net assets and liabilities		3,238,567,287	3,170,593,207

The Financial Statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:



Benson W. Muthendi
Accounting Officer

Date: 30/12/2022



Benedict S. Atavachi
Head of Finance
ICPAK Member No:

Date: 30/12/2022



Ms. Faith Norah Lukosi
For: Chairman, Board Of Directors

Date: 30/12/2022

**Youth Enterprise Development Fund
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15 Statement of Changes in Net Assets for the year ended 30 June 2022

	Revolving Fund	Accumulated Deficit	Revaluation Reserve	Total
	Kshs	Kshs		Kshs
Balance as at July 1 2020	4,137,798,856	(1,064,831,843)	-	3,072,967,013
				-
Deficit for the period		(11,625,570)	-	(11,625,570)
Addition for the year	30,000,000	-		30,000,000
Balance as at 30 June 2021	4,167,798,856	(1,076,457,413)	-	3,091,341,443
				-
As at July 1, 2021	4,167,798,856	(1,076,457,413)	-	3,091,341,443
Deficit for the period	-	(123,233,755)	-	(123,233,755)
Prior year Adjustment	(776,302,880)	788,528,031	-	12,225,151
Addition for the year	130,000,000	-	40,056,427	170,056,427
Balance as at 30 June 2022	3,521,495,976	(411,163,137)	40,056,427	3,150,389,267

**Youth Enterprise Development Fund
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16. Statement of Cash Flows for the year ended 30 June 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Cashflows from operating activities			
Receipts			
Grants from GoK		344,089,300	299,490,000
Interest and fees		41,502,774	65,625,928
Other income		4,110,114	4,035,388
Total Receipts		389,702,188	369,151,316
Payments			
Use of Goods and Services		97,615,118	63,980,614
Programme expenses		43,617,486	17,057,386
Employee costs		222,618,921	221,753,271
Board Remuneration & other related expenses		24,693,278	16,148,274
Repairs & maintenance		9,414,338	7,630,210
Total Payments		397,959,141	326,569,755
Cashflows from operating activities	28	(8,256,953)	42,581,561
Cashflows from investing activities			
Disposal of Motor Vehicle		1,554,100	
Purchase of Assets		(1,911,200)	(1,145,000)
Loans issued		(370,011,948)	(579,565,980)
Loan repayments		276,800,000	235,685,993
Net cash flows from (net cash used in) investing activities		(93,569,048)	(345,024,987)
Cashflows from Financing activities			
Grants from Government of Kenya		130,000,000	30,000,000
Net cash flows from financing activities		130,000,000	30,000,000
Net Increase/(Decrease) in cash		28,173,999	(272,443,427)
Cash & cash equivalent at the beginning of the period		34,419,871	306,863,299
Cash & cash equivalents at the end of the period		62,593,870	34,419,872

**Youth Enterprise Development Fund
Annual Report and Financial Statements
for the year ended June 30, 2022.**

The Financial Statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:



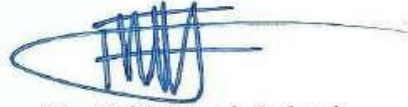
**Benson W. Muthendi
Accounting Officer**

Date: 30/12/2022



**Benedict S. Atavachi
Head of Finance
ICPAK Member Number: 3081**

Date: 30/12/2022



**Ms. Faith Norah Lukosi
For: Chairman, Board Of Directors**

Date: 30/12/2022

Youth Enterprise Development Fund
Annual Report and Financial Statements
For the year ended June 30, 2022.

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilization	Explanation on Utilisation
	Kshs	a	Kshs	b	Kshs	C=(a+b)	Kshs	d	Kshs	e=(c-d)		
Income from Treasury	344,089,300		-		344,089,300		344,089,300		-		100.00%	
	344,089,300		-		344,089,300		344,089,300		-			
Interest and management fees on loans												
Mgt fees - C-YES, Eyes; LPO and other loan processing fees	22,500,000				22,500,000		13,733,203		8,766,797		61.04%	Loan disbursement targets not attained due to unattained loan recovery targets
Interest income on Loans	33,104,850				33,104,850		31,078,086		2,026,764		93.88%	
Management Fee from Commercial Infrastructure	1,800,000				1,800,000		2,245,000		(445,000)		124.72%	Low tenant occupancy and retention
	57,404,850				57,404,850		47,056,289		10,348,561			
Other income												
Income from donors and other income generating activities	45,505,190				45,505,190		3,243,000		42,262,190		7.13%	Partnerships yet to yield intended results.
Bid bond and other miscellaneous revenue	7,220,000				7,220,000		5,669,214		1,550,786		78.52%	Poor product awareness and freeze on disposal
	52,725,190				52,725,190		8,912,214		43,812,976			
	454,219,340		-		454,219,340		400,057,803		54,161,537			
Total income												

**Youth Enterprise Development Fund
Annual Report and Financial Statements
for the year ended June 30, 2022.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Explanation on Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs		
Expenses							
Lending/ credit	6,300,000		6,300,000	5,930,077	369,923	94.13%	
Youth Enterprise Scheme Abroad	500,000		500,000	500,000	-		
Commercial Infrastructure	650,000		650,000	648,360	1,640	99.75%	
Market Linkages	2,200,000		2,200,000	2,194,745	5,255	99.76%	
Capacity building for youth enterprises	3,400,000		3,400,000	3,289,502	110,498	96.75%	
Research Unit	-		-	-	-		
Monitoring and Evaluation	6,254,800		6,254,800	6,212,362	42,438	99.32%	
Resource Mobilization	2,774,860		2,774,860	2,722,220	52,640	98.10%	
	22,079,660	-	22,079,660	21,497,266	582,394		
Human Capital Expenses							
Staff Training	12,400,080		12,400,080	12,144,367	255,713	97.94%	
Recruitment	480,000		480,000	478,200	1,800	99.63%	
Performance Appraisal and Benchmarking	300,000		300,000	257,800	42,200	85.93%	Prudent spending with value for money approach to procurement
Personnel salary and emoluments	189,480,000		189,480,000	153,730,314	35,749,686	81.13%	Salaries for vacant posts soon to filled
Wages for internship programme	700,000		700,000	530,355	169,645	75.77%	Hiring freeze
Group life and Personal Accident Cover	2,500,000		2,500,000	2,499,516	484	99.98%	
Medical Expenses	24,000,000		24,000,000	24,000,000	-	100.00%	

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	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization	Explanation on Utilisation
Staff Welfare	5,199,600		5,199,600	4,961,244	238,356	95.42%	
Gratuity CEO's & Contract Staff	10,500,000		10,500,000	9,961,897	538,103	94.88%	
Mainstreaming, Sensitization & Surveys	250,000		250,000	67,000	183,000	26.80%	Prudent spending with value for money approach to procurement
Salary arrears	24,000,000		24,000,000	23,950,125	49,875	99.79%	
	269,809,680		269,809,680	232,580,818	37,228,862		
Board Expenses							
Board Allowance	11,800,000		11,800,000	11,762,124	37,876	99.68%	
Board Transport	6,406,400		6,406,400	6,089,974	316,426	95.06%	
Chairperson Honorarium	960,000		960,000	960,000	-	100.00%	
Board Training & Med.&Accident Insu.&Misc.	3,000,000		3,000,000	2,969,580	30,420	98.99%	
Board Retreat	3,000,000		3,000,000	2,911,600	88,400	97.05%	
	25,166,400		25,166,400	24,693,278	473,122		
Depreciation							
Property, plant and equipment and Intangible assets	26,436,000		26,436,000	11,717,883	(14,718,117)	44.33%	
	26,436,000		26,436,000	11,717,883	(14,718,117)		
Repairs & Maintenance							
Motor vehicle and cycle fuel and repairs	10,200,000		10,200,000	9,414,338	785,662	92.30%	
	10,200,000	-	10,200,000	9,414,338	785,662	92.30%	
Administrative expenses							

**Youth Enterprise Development Fund
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	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization	Explanation on Utilisation
Travelling Costs	1,440,000		1,440,000	1,270,385	169,615	88.22%	Prudent spending with value for money approach to procurement
Telephone Costs	4,176,000		4,176,000	4,085,197	90,803	97.83%	
Office Rent and Maintenance	28,080,000		28,080,000	26,208,103	1,871,897	94.08%	
Office Stationery	3,600,000		3,600,000	3,420,890	179,110	95.02%	
Audit Expenses	4,392,000		4,392,000	4,288,155	103,845	97.64%	
Legal Fees	8,900,000		8,900,000	8,779,555	120,445	98.65%	
Insurance for Motor Vehicle and Equipment	2,000,000		2,000,000	1,911,308	88,692	95.57%	
Internet & Network Connectivity, Website & DSTV	10,000,000		10,000,000	9,812,878	187,122	98.13%	
Courier/Postal Services	2,499,600		2,499,600	1,380,427	1,119,173	55.23%	Prudent spending with value for money approach to procurement
Office utilities & County AIE	6,240,000		6,240,000	6,160,231	79,769	98.72%	
Bank Charges	1,200,000		1,200,000	1,168,639	31,361	97.39%	
Provision for bad debts	6,000,000		6,000,000	8,706,927	(2,706,927)	145.12%	
Enhancing funds image	7,400,000		7,400,000	6,965,780	434,220	94.13%	
Assets Revaluation	3,500,000		3,500,000	3,500,000	-	100.00%	
Loss on revaluation of inventory	-		-	135,729,500	(135,729,500)		
	89,427,600	-	89,427,600	87,658,475	1,769,125		
Total expenditure	443,119,340	-	443,119,340	523,291,558	(80,172,218)		
Surplus/(Deficit) for the period	11,100,000	-	11,100,000	(123,233,755)	134,333,755		
Development Cash inflows							

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
for the year ended June 30, 2022.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Explanation on Utilisation
	K.shs	K.shs	K.shs	K.shs	K.shs		
Development Grant from the Government of Kenya.	130,000,000		130,000,000	130,000,000	-	100.00%	
Loan Repayments	600,000,000		600,000,000	276,800,000	323,200,000	46.13%	Loan disbursement targets not attained due to unattained loan recovery targets
Total	730,000,000	-	730,000,000	406,800,000	323,200,000		
Investment outlay							
Group Loans -C YES	360,000,000		360,000,000	217,899,773	142,100,227	60.53%	Loan disbursement targets not attained due to unattained loan recovery targets
Group Loans -E YES	20,000,000		20,000,000	645,000	19,355,000	3.23%	Loan disbursement targets not attained due to unattained loan recovery targets
Individual Loans through Vuka	255,000,000		255,000,000	125,017,175	129,982,825	49.03%	Loan disbursement targets not attained due to unattained loan recovery targets
Individual Loans through Trade Finance	24,690,000		24,690,000	10,670,000	14,020,000	43.22%	Loan disbursement targets not attained due to unattained loan recovery targets
Individual Loans through Agri-bizz	20,000,000		20,000,000	14,200,000	5,800,000	71.00%	Loan disbursement targets not attained due to unattained loan recovery targets
Individual Loans through Talanta	15,000,000		15,000,000	1,300,000	13,700,000	8.67%	Loan disbursement targets not attained

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
for the year ended June 30, 2022.**

	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization	Explanation on Utilisation
Vijana Baharia	20,000,000		20,000,000	280,000	19,720,000	1.40%	Loan disbursement targets not attained
Sub total	714,690,000	-	714,690,000	370,011,948	344,678,052		
Capital Expenditure							
ICT infrastructure and Software upgrades	17,310,000		17,310,000	15,921,200	1,388,800	91.98%	
Purchase of Motor Vehicles	7,500,000		7,500,000	7,085,700	414,300	94.48%	
Purchase of County offices furniture	1,600,000		1,600,000	990,000	610,000	61.88%	Prudent spending
Sub total	26,410,000	-	26,410,000	23,996,900	2,413,100		
Total	741,100,000	-	741,100,000	394,008,848	347,091,152		
Budget Summary							
Revenue							
Recurrent revenue	454,219,340		454,219,340	400,057,803	54,161,537	88.08%	
Development revenue	730,000,000		730,000,000	406,800,000	323,200,000	55.73%	
Total	1,184,219,340	-	1,184,219,340	806,857,803	377,361,537	68.13%	
Expenditure							
Recurrent expenditure	443,119,340		443,119,340	520,948,705	(77,829,365)	117.56%	
Loans disbursement	714,690,000		714,690,000	370,011,948	344,678,052	51.77%	
Capital expenditure	26,410,000		26,410,000	23,996,900	2,413,100	90.86%	
Total	1,184,219,340	-	1,184,219,340	914,957,553	269,261,787		

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18. Notes to the Financial Statements

1. General Information

The Youth Enterprise Development Fund Board is established by and derives its authority and accountability from Legal Notice No. 63. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is;

1. Provide loans to and for on-lending to youth enterprises
2. Attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure that will be beneficial to youth enterprises
3. Support youth oriented micro, small and medium enterprises to develop linkages with large enterprises
4. Facilitate marketing of products and services of youth enterprises both in the domestic and the international markets
5. Provide business development services to youth enterprises
6. Facilitate employment of youth in the international labour market

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis and financial instruments at fair 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 entity'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 3.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New And Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.* IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.

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Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41,</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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Standard	Effective date and impact:
	<i>The provisions of the Standard are not applicable to the current operations of the Fund.</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>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.</p> <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>

i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/2022

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Recurrent Grants from Government of Kenya

This is in respect of assistance from the Government of Kenya through the Ministry of ICT, Innovation and Youth Affairs. It is recognized as revenue when received. Where the fund receives an official commitment from the government or timing differences occur between the time the Government sends the funds and actual receipt; the grants are accrued.

ii) Revenue from exchange transactions

Interest and Management fee on Loans

Interest income is recognized when it falls due using simple interest rates determined at the time the loan is disbursed and where the loan runs over two accounting periods, the interest earned is pro-rated.

Management income is a one time off charged at the time of disbursement of the loan. This is usually deducted at the disbursement and revenue recognized.

b) Budget information

The Budget for FY 2021-2022 was duly approved by the Board of Directors. No revisions were made during the year.

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The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes

Youth Enterprise Development Fund is exempt from income taxes under the income Tax Act.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction and measured using the cost model and are depreciated over the lease period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives at the following rates:

Motor vehicles	:	25%
Furniture and Fittings	:	12.5%
Office Equipment	:	12.5%
Computers and accessories	:	33.33%
Motor cycles	:	25%

A full year's depreciation is charged in the year of acquisition and none is charged in the year of disposal.

f) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. 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.

Amortization is calculated on a straight line basis over estimated useful lives not exceeding a period of 5 years.

h) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. A general provision of 5% of outstanding loan balances is made at year end.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into

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account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset of an entity of financial assets is impaired. A financial asset of an entity is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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 condition are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- ii) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

k) Provisions

Provisions were raised and management determined an estimate based on the information available. Former employees have sued the Fund for wrongful dismissal in a court of law and currently awaiting determination of the suit.

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.

l) The revolving fund

The revolving fund represents money that has been set aside for onward lending to the Youth. This Fund grows by the annual allocations from the government under the development Vote and may reduce as a result of acquisition of assets and support of core programmes.

m) 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.

n) Contingent assets

The Fund 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Employee benefits

Retirement benefit plans

The Fund operates a defined contribution pension scheme where the employees contribute 7.5% of the basic salary and the employer contributes 15% of the basic salary. In addition, employees contribute towards the N.S.S.F at the prevailing rates.

The employer's contributions are charged to the Staff emoluments.

p) 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.

q) Related parties

The Fund 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 Fund, or vice versa. Members of key management are regarded as related parties and comprise the Chief Executive officer, Senior Managers, Board Chairman and Directors. There were no related party transactions for the year under review apart from remuneration for the employment services rendered to the Fund.

r) 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 various commercial banks at the end of the financial year.

s) Comparative figures

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

t) 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, 2022.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

No significant judgements have had to be made by the Directors in preparing these financial statements. Estimates made in the provision for bad debts are based on general 5% provision and may change when specific provision is made. This is as per our Finance Policy.

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 financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

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Notes to the Financial Statements (Continued)

6. Grants from GoK

Description	2021-2022	Audited 2020-2021
	Shs	Shs
Income from Treasury	344,089,300	299,490,000
Total	344,089,300	299,490,000

7. Interest and Management Fees on Loans

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Mgt fees - C-YES	10,014,574	16,319,250
Mgt fees - Easy -YES	30,806	31,000
Mgt fees - Direct Funding Loans	1,276,572	2,259,395
Interest from Direct Funding Loans	29,801,515	38,270,063
Bid bond	5,000	16,000.00
LPO Processing fee	2,193,674	1,781,867
Tuckshops rental	2,245,000	2,978,600
Processing fee Agribizz	1,415,423	1,422,252
Processing fee Talanta	65,000	110,000
Baharia Loan Management	13,725	-
YESA Pre-Departure	3,243,000	2,437,500
Total	50,304,289	65,625,927

8. Other income

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Sale of Tender documents	-	42,000
Insurance Claim	1,554,100	-
Security perfection fee	91,500	229,800
Donations	2,024,885	-
Interest earned on bank balances	1,993,728	3,763,588
Total	5,664,214	4,035,388

9. Programme expenses (Program Support expenditure)

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Lending/ credit	5,930,077	5,998,414
Commercial Infrastructure	648,360	516,830
Market Linkages	2,194,745	949,690
Capacity building for youth enterprises	3,289,502	2,358,515
Monitoring and Evaluation	6,212,362	4,395,815
Resource Mobilisation	2,722,220	2,838,122
Youth Employment Scheme Abroad	500,000	-
Total	21,497,266	17,057,386

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Notes to the Financial Statements (Continued)

10. Employee costs

Description	2021-2022 Kshs	Audited 2020-2021 Kshs
Staff Training	12,144,367	1,445,530
Recruitment	478,200	344,858
Performance Appraisal and Benchmarking	257,800	508,500
Personnel salary and emoluments	177,680,439	179,036,692
Wages for internship programme	530,355	1,088,556
Group life and Personal Accident Cover	2,499,516	2,418,984
Medical Expenses	24,000,000	23,592,011
Staff Welfare	4,961,244	2,662,594
Gratuity	9,961,897	10,419,797
Mainstreaming and Surveys	67,000	235,750
Total	232,580,818	221,753,271

11. Board Remuneration and Other Expenses

Description	2021-2022 Kshs	Audited 2020-2021 Kshs
Board Allowance	11,762,124	7,874,525
Board Transport	6,089,974	1,895,241
Chairperson Honorarium	960,000	960,000
Board Retreat	2,911,600	3,425,489
Board Training & Med.&Accident Insu.&Misc.	2,969,580	1,993,019
Total	24,693,278	16,148,274

12. Depreciation And Amortization Expense

Description	2021-2022 Kshs	Audited 2020-2021 Kshs
Property, plant and equipment	4,870,983	24,511,777
Intangible assets	6,846,900	16,194,220
Total	11,717,883	40,705,997

13. Repairs and Maintenance

Description	2021-2022 Kshs	Audited 2020-2021 Kshs
Motor cycles and Vehicle fuel and repairs	9,414,338	7,630,210
Total	9,414,338	7,630,210

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Notes to the Financial Statements (Continued)

14. Use of Goods and Services

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Travelling Costs	1,270,385	1,373,705
Telephone Costs	4,085,197	2,399,499
Office Rent and Maintenance	26,208,103	27,425,261
Office Stationery	3,420,890	1,187,008
External audit	1,392,000	1,392,000
Internal Audit Expenses	2,896,155	-
Legal fees	8,779,555	4,259,089
Insurance for Motor Vehicle and Equipments	1,911,308	1,486,263
Internet and Network connectivity, Website and DSTV	9,812,878	9,868,980
Courier/Postal Services	1,380,427	1,198,655
Office utilities	6,160,231	5,085,232
Bank Charges and Preparation of financial statements	1,168,639	727,098
Provision for bad debts	8,706,927	17,172,058
Enhancing Fund image	6,965,780	3,906,900
Asset Revaluation	3,500,000	-
Total	87,658,475	77,481,748

15. Loss on revaluation of Inventory

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Loss on revaluation of Inventory	135,729,500	-
Total		

16. Cash and Cash Equivalents

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Bank		
Current	61,522,117	33,338,866
Cash -in-hand	14,321	37,727
Safaricom -Mpesa	1,057,431	1,043,278
Total	62,593,870	34,419,871

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Notes to the Financial Statements (Continued)

16 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2021-2022
		Kshs
a) Current account		
Equity Bank - Loan Repayment Account	180291347977	42,466
Equity Bank - Main	180290708175	8,804,662
Equity Bank - Direct Funding product	180299437260	35,380,295
Equity Bank - Operations account	180299434252	10,562,829
Equity Bank - Meru	180263475552	0
Equity Bank - Kisumu	180263474481	0
Subtotal		54,790,252
Kenya Commercial Bank - Main Account	1107099390	1,264,237
Kenya Commercial Bank - Repayment Account	1107099544	261,965
Kenya Commercial Bank - LPO Account	1154767485	5,205,664
Subtotal		6,731,866
b.) Others		
Cash at hand		14,321
Mpesa	17592349-17	1,057,431
Subtotal		1,071,752
Grand total		62,593,870

17. Receivables from exchange transactions

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Current receivables		
Trade debtors	3,269,800,322	3,142,195,610
Other exchange debtors	5,164,752	2,503,233
Less Impairment Other Exchange Debtors	(2,112,308)	
Less: impairment allowance	(159,215,507)	(152,620,888)
Loans repaid unidentified	(90,148,885)	(92,281,098)
Total current receivables	3,023,488,374	2,899,796,858
Total receivables	3,023,488,374	2,899,796,858

17b. Reconciliation for Impairment Allowance On Receivables from Exchange Transactions

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
At the beginning of the year	152,620,888	135,448,830
Additional provisions for the year	8,706,927	17,172,058
At the end of the year	161,327,815	152,620,888

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Notes to the Financial Statements (Continued)

Note

The provision for the year includes full provision (100%) for unsurrendered imprest of Kshs.2,196,848 for the late Chief Executive officer and Chairman of Kes 1,994,848 and Kshs.202,000 respectively.

18. Receivables from Non-Exchange Contracts

Description	2021-2022 Kshs	Audited 2020-2021 Kshs
Current receivables		
Prepayments	944,281	1,620,594
Less: impairment allowance	-	-
Total current receivables	944,281	1,620,594

19. Inventories

Description	2021-2022 Kshs	Audited 2020-2021 Kshs
Hatcheries	36,600,500	172,330,000
Total	36,600,500	172,330,000

**Youth Enterprise Development Fund
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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

	Motor Vehicles	Furniture and fittings	Computers & Accessories	Motor Cycles	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2020	76,153,164	116,940,843	140,332,277	65,578,000	399,004,285
Additions	-	-	1,145,000	-	1,145,000
Disposals	-	-	-	-	-
As at 30 June 2021	76,153,164	116,940,843	141,477,277	65,578,000	400,149,285
Additions	7,085,700	990,000	921,200	-	8,996,900
Disposals	(3,858,900)	-	-	-	(3,858,900)
Cost (on Revaluation)	(72,294,264)	(90,869,345)	(137,512,952)	(65,578,000)	(366,254,561)
Revaluation	20,790,000	(3,253,048)	13,304,475	9,215,000	40,056,427
As at 30 June 2022	27,875,700	23,808,450	18,190,000	9,215,000	79,089,151
Depreciation					
As at 1 July 2020	75,104,852	77,286,709	130,300,899	65,578,000	348,270,460
Disposals	-	-	-	-	-
Charge for the period	1,048,312	13,582,636	7,212,053	-	21,843,002
As at 30 June 2021	76,153,164	90,869,345	137,512,952	65,578,000	370,113,461
Disposals	(3,858,900)	-	-	-	(3,858,900)
Cost (on Revaluation)	(72,294,264)	(90,869,345)	(137,512,952)	(65,578,000)	(366,254,561)
Charge for the Year	1,771,425	123,750	307,036	-	2,202,211
As at 30 June 2022	1,771,425	123,750	307,036	-	2,202,211
Net Book Values					
As At 30th June 2021	-	26,071,498	3,964,325	-	30,035,824
As At 30th June 2022	26,104,275	23,684,700	17,882,964	9,215,000	76,886,938

21. Investment Property

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Commercial Infrastructure- Building of Bus Shelters/ Stalls		
At start of the period- cost	37,362,827	37,362,827
At start of the period- depreciation	(9,841,632)	(7,172,859)
Additions	-	-
Depreciation	(2,668,773)	(2,668,773)
Net book value	24,852,422	27,521,195

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Notes to the Financial Statements (Continued)

22. Intangible Assets

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
At start of the period	130,892,464	130,892,464
Additions	15,000,000	-
At end of period	145,892,464	130,892,464
Amortization		
At start of the period	126,023,598	109,829,378
Charge for the period	6,846,898	16,194,220
At end of the period	132,870,496	126,023,598
Net book Value	13,021,968	4,868,866

Note

The Fund has two computer softwares: The ABN vote book system and the Microsoft Dynamics NAV. ABN was purchased by the Fund for the purposes of tracking loan repayments and interest thereon by Youth groups and Financial Intermediaries. The Fund also maintains a comprehensive Management Information System. The modules in this system are the Finance module, Procurement, HR and payroll. Loans module and Asset management module.

23. Trade and Other Payables from Exchange Transactions

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Trade payables	68,670,807	36,726,995
Provision for gratuity	17,374,618	36,554,412
Salary Deductions	2,132,595	5,970,356
Total Trade and Other Payables	88,178,020	79,251,763

24. Continuous Losses

The Fund has reported losses for several years of existence. However, the results have been improving over the years and it is envisaged that the Fund will report surpluses in the near future.

25. Accumulated Funds

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Balance b/f	(1,076,457,412)	(1,064,831,842)
Prior year Adjustment	788,528,031	-
Add : Surplus (Deficit) for the year	(123,233,755)	(11,625,570)
	(411,163,136)	(1,076,457,412)

**Youth Enterprise Development Fund
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Notes to the Financial Statements (Continued)

26. Revaluation reserve

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Gain on revaluation of assets	40,056,427	-
	40,056,427	-

27. Revolving Fund

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Balance b/f	4,167,798,856	4,137,798,856
Add: Received during the year	130,000,000	30,000,000
Prior year adjustment	(776,302,880)	
	3,521,495,976	4,167,798,856

Note

The balance outstanding in the Revolving Fund is part of the monies which are disbursed as loans to youth groups through Financial Intermediaries and direct lending.

28. Cash Generated from Operations

Description	2021-2022	Audited 2020-2021
	Kshs	Kshs
Deficit for the period	(123,233,755)	(11,625,570)
Adjustments for:		
Depreciation & Amortisation	11,717,883	40,705,997
Provision for bad debts	8,706,927	17,172,058
Increase in Other Exchange Debtors	2,661,519	
Increase in trade debtors	(36,304,770)	
Provision for audit fees	1,392,000	1,392,000
Increase in trade and Other Payables	(8,926,257)	(5,062,924)
Loss on revaluation of inventory	135,729,500	-
Operating profit before working capital changes	(8,256,953)	42,581,561

29. Financial Risk Management: The Fund activities expose it to financial as well as credit risk. The fund's risk management framework is set out by the Board and implemented by Management focussing on unpredictability of changes in operating environment and seek to minimise the potential adverse effects by setting acceptable levels of risk.

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Notes to the Financial Statements (Continued)

Credit risk

This is the main risk faced by the Fund. The fund's overall risk management programme focuses on the likelihood of borrowers failing to meet their debt obligations and seeks to minimize the same.

Collateral

For C-YES and E-YES Loans, no security is given by the youth to the fund. However, for the financial intermediaries, collateral in the form of Bank guarantees, promissory notes and cash flow assignments are given. For Vuka and LPO Financing, collateral including chattels mortgage and immovable property are given. Furthermore, the Fund has listed financial institutions and individuals with non-performing loans with Credit reference Bureaus.

The amount that best represents maximum exposure to credit risk as at June 30, 2022 is made up as follows;

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Receivables from exchange transactions	3,023,667,308	3,184,995,123	0	(161,327,815)
Receivables from non-exchange transactions	944,281	944,281	0	0
Bank balances	62,593,870	62,593,870	0	0
Total	3,087,205,459	3,248,533,274	0	((161,327,815))
As at 30 June 2021				
Receivables from exchange transactions	2,897,293,624	3,179,408,452	0	(152,620,888)
Receivables from non-exchange transactions	1,620,594	1,620,594	0	0
Bank balances	34,419,871	34,419,871	0	0
Total	2,933,334,089	3,215,448,917	0	(152,620,888)

ii) **Liquidity risk management**

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

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Notes to the Financial Statements (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade and Other payables from Exchange Transactions	-	8,817,802	79,360,218	88,178,020
Total	-	8,817,802	79,360,218	88,178,020
As at 30 June 2021				
Trade and Other payables from Exchange Transactions	-	4,163,213	75,088,550	79,251,763
Total	-	4,163,213	75,088,550	79,251,763

iii) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revolving Fund	3,522,832,224	4,167,798,856
Revaluation Reserve	40,056,427	0
Retained Earnings	(412,678,318)	(1,076,457,412)
Total Funds	3,150,210,333	3,091,341,444
Total Borrowings	-	-
Less: Cash And Bank Balances	(62,593,870)	(34,419,871)
Net Debt/(Excess Cash And Cash Equivalent)	3,087,616,463	3,056,921,573
Gearing	98%	99%

30. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Fund* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Members of key management are regarded as related parties and comprise the Chief Executive officer, Senior Managers, Board Chairman and Directors their associates and close family members.

Government of Kenya

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The Government of Kenya is the principal shareholder of the *Fund*, holding 100% of the *Fund's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Notes to the Financial Statements (Continued)

Other related parties include:

- i) The State Department for Youth Affairs
- ii) Key management.
- iii) Board of directors.

Related party Transactions

	2021-2022	Audited 2020-2021
	Kshs	Kshs
a) Grants /transfers from the government		
Grants From National Government	474,089,300	374,089,300
Total	474,089,300	374,089,300
Key management compensation:		
Salaries and other short-term employment benefits	12,830,011	8,741,823
Directors remuneration and allowances	24,693,278	16,148,274
	37,523,289	24,890,097

31. Events after the Reporting Period

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

32. Ultimate and Holding Entity

The Fund is a State Corporation under the Ministry of ICT Innovation and Youth Affairs. Its ultimate parent is the Government of Kenya.

33. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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19. Appendix

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Referen ce No. on the externa l audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unexplained Revolving Fund Variance	The same is occasioned by accounting treatment with the same corrected in the intervening years	CEO/Head of Finance	Not Resolved	30 June 2023
2.	Unconfirmed Receivable from Exchange Transactions	The supporting schedules have since been availed to the auditors for verification	Head of Finance /Credit	Not Resolved	30 June 2023
3	Doubtful Recovery of Other Exchange Debtors	The current finance and credit policy provide for a general 5% provision. The Fund is pursuing refund of the rent deposits and has since recorded good progress.	CEO/ Head of Administration / Head of Finance	Not Resolved	30 June 2023
4	Unsupported Interest from Direct Funding Loans	The supporting schedules have since been availed to the auditors for verification	Head of Credit/Finance	Not Resolved	30 June 2023
5	Going Concern of the Fund	The Fund has steadily narrowed the deficit and assuming the same trend ; the fund will soon be at a surplus in the near intervening years	CEO	Not Resolved	30 June 2023
6	Unbalanced Budget	The same was occasioned by accounting treatment	CEO/Head of Finance	Not Resolved	30 June 2023

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		with the same having been harmonised with the Board			
7	Long Outstanding Payables	Some are subject of investigations to be cleared upon determination of the same with those that are well supported have since been paid.	Head of Finance	Not Resolved	30 June 2023
8	Incomplete Fixed Assets Register	Revaluation of assets currently ongoing with a view to update the register as recommended by the office of the Auditor General	Administration officer	Not Resolved	30 June 2023
9	Grounded Motor Vehicles and Motorcycles	The disposal of the assets is awaiting approval of the Head of Public Service as the Fund is earmarked for merger with a circular barring disposal of the same unless with express approval of the Head of Public Service	Administration officer/CEO	Not Resolved	30 June 2023

Benson W. Muthendi
Ag. Chief Executive Office
Date:

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Appendix II: Projects implemented by Fund

Projects implemented by the Youth Enterprise Development Fund/ Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
None						

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
None						

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital/Resolving Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of ICT Innovation and Youth Affairs	09/08/2021	Recurrent	81,022,325	81,022,325	-	-	-	-	-	81,022,325
Ministry of ICT Innovation and Youth Affairs	21/10/2021	Recurrent	81,022,325	81,022,325	-	-	-	-	-	81,022,325
Ministry of ICT Innovation and Youth Affairs	02/02/2022	Recurrent	81,022,325	81,022,325	-	-	-	-	-	81,022,325
Ministry of ICT Innovation and Youth Affairs	28/04/2022	Recurrent	101,022,325	101,022,325	-	-	-	-	-	101,022,325
Ministry of ICT Innovation and Youth Affairs	17/08/2021	Development	65,000,000		65,000,000	-	-	-	-	65,000,000
Ministry of ICT Innovation and Youth Affairs	25/05/2022	Development	65,000,000		65,000,000	-	-	-	-	65,000,000
Total			474,089,300	344,089,300	130,000,000	-	-	-	-	474,089,300

**Youth Enterprise Development Fund
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Appendix V- Inter-Entity Confirmation Letter

Appendix II: Inter-entity confirmation letter

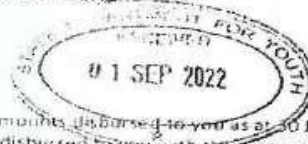


REPUBLIC OF KENYA



**MINISTRY OF ICT, INNOVATION AND YOUTH AFFAIRS
STATE DEPARTMENT FOR YOUTH AFFAIRS**

The Chief Executive Officer
Youth Enterprise Development Fund
P.O. Box 48610-00100, Nairobi



The State Department for Youth Affairs wishes to confirm the amounts disbursed to you as at 30 June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate them in column E in the table below. Then please sign and stamp this request in the space provided and return it to us by 30th August 2022.

Confirmation of amounts received Youth Enterprise Development Fund as at 30 June 2022

Ref	Date Disbursed	Recurrent (KShs) (A)	Amounts Disbursed to Youth Enterprise Development Fund as at 30 June 2022			Total (KShs) (D)=(A+B+C)	Amount Received by (SAGA/SC /Fund/Pr oject) as at 30 th June 2021 (KShs) (E)	Difference (KShs) (F)=(D-E)
			Date Disbursed	Development (KShs) (B)	Inter Ministerial (KShs) (C)			
	09/08/2021	81,022,325				81,022,325	81,022,325	
	21/10/2021	81,022,325	17/8/2021	65,000,000		146,022,325	146,022,325	
	02/01/2022	81,022,325	24/5/2022	65,000,000		146,022,325	146,022,325	
	28/04/2022	101,022,325				101,022,325	101,022,325	
TOTAL		344,089,300		130,000,000		474,089,300		

I confirm that the amounts shown above are correct as of the date indicated.
Head of Accounts

Name: Henry K. Mayabi
For: PRINCIPAL SECRETARY

Signature

Date 29/8/2022

Yours Sincerely
Insert Name of responsible officer and sign

Name: BENJAMIN ADIYACHI Sign

Date: 29-08-2022

CC Director General Accounting Services and Quality Assurance, National Treasury