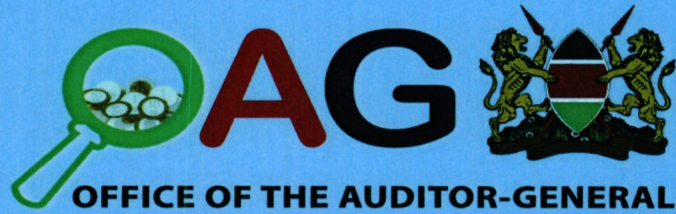


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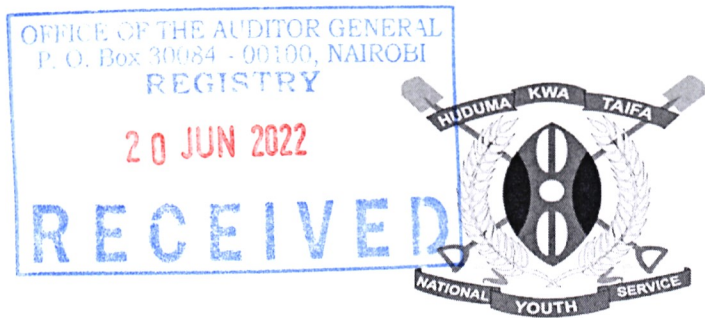
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THE AUDITOR-GENERAL

ON

**NATIONAL YOUTH SERVICE
MECHANICAL AND TRANSPORT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**



**NATIONAL YOUTH SERVICE
MECHANICAL AND TRANSPORT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background

The National Youth Service established the Mechanical and Transport fund (MTF) in August 1965 to maintain transport vehicles, equipment and machinery for efficient movement of service personnel, goods and services. The facility enhanced its resource-base through a Transport Funding Scheme, which commenced in the 1971 with a grant of **3.5 USD** worth of equipment from the United States Agency for International Development (USAID). The equipment comprised of road construction machinery, trucks, buses and supervisory vehicles.

With a vision of equipment sustainability beyond the donor funding, the Transport Funding Scheme restructured into a revolving fund. Subsequently, Government Financial Management Act (No. 5 of 2004, revised in 2011) established the NYS Mechanical and Transport Fund consisting monies appropriated by Parliament, grants and donations, monies received as user charges and income generated from the proceeds of the Fund. The National Treasury Guidelines placed the funding scheme operations in twofold: Renewal Fund (40%) and Maintenance Fund (60%). Generally, the Fund provides facilities for the National Youth Service undertaking national projects and other users on hire. The initial capital of the Fund was **Ksh. 22 Million** appropriated by Parliament in the FY 2010/2011.

b) Principal Activities

The Mechanical and Transport fund is the transport hub of the National Youth Service under the domestic hire arrangements where plant, machinery and vehicles are engaged to facilitate the operations of the Service in Agricultural Farms, internal infrastructure development works, supervision of general operations, general transport, and transport of staff and Servicemen and women while on national service programmes. The Fund maintains all these equipment to enable smooth running of the activities of the Service. Commercially, MTF hires out or engages the equipment on provision of services and works for other Government institutions and the public sector at standard costs.

c) Key Management

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

The officer administering the fund appoints the Committee to advice on general management and operations of the fund.

The management committee comprises -

- a) The Director General NYS - Chairperson
- b) Director Finance and Accounts.
- c) Officer In-Charge MTF
- d) Head of Procurement NYS
- e) Head of Accounting Unit NYS

**Annual Reports and Financial Statements
For the year ended June 30, 2021.**

- f) Accountant MTF
- g) Supply Chain Officer MTF
- h) Officer in Charge of Workshop

d) Fiduciary Management

The key Management staff who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

S/No	Position held	Name
1.	Fund Administer (DG/CEO, NYS)	Matilda Sakwa (Ms.), EBS
2.	Deputy Director-General, Corporate Services	James K. Tembur, MBS
3.	Officer – in – Charge (MTF)	James Mmata, ndc,(k)
4.	Director, SCMS	James Kairu
5.	Director, Internal Audit	Maggy N. Munyasya
6.	Director, Commercial Enterprises and Marketing	Daniel K. Kipchumba
7.	Head of Finance	John O. Olima
8.	Head of Accounts Unit	Elias Kimani Macharia

e) Fiduciary Oversight Arrangement

The National Youth Service Council provides the overall internal oversight over the Fund. The following Committees assist the Council:

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

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

f) Entity Headquarters

Mechanical and Transport Fund
P.O. Box 59432-00200
NAIROBI

g) Entity Contacts

Telephone :(+254)8560319
Email:nysMTFhire@gmail.com

h) Entity Bankers

Kenya commercial Bank Ltd
P.O. Box 30081-00100
Kencom House, Moi Avenue
NAIROBI

i) Bank Details

Account Name: NYS Mechanical Fund
Account No. 1128674548
Account Type: Current

j) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
NAIROBI.

k) Principal Legal Advisor

The Attorney General (State Law Office)
Harambee Avenue
P.O. Box 40112-00200
NAIROBI

2. THE BOARD OF DIRECTORS

Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) – Chairman (App. on 7th February, 2019)

An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World from The King's College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National defence University, Beijing and a Certificate in Scriptualizing from Harvard University School. He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.



Matilda P. Sakwa (Ms.), EBS – Director General/Chief Executive Officer/Secretary (App. 1st June, 2019)

Ms. Sakwa holds a Masters in Development Studies from the International Institute of Social Studies at the Hague, The Netherlands and a Bachelor of Arts from the University of Nairobi. She is an accomplished public servant with over thirty (30) years of diligent Service in the Public Service. She was a key player in setting up project delivery teams in a number of line ministries under the social pillar of the Vision 2030. She was a member of the inaugural team that conceptualized and established structures for the National Aids Control Council in Kenya and a member of the National Steering Committee that developed the National Action Plan on UNSCR 1325 on Women, Peace

and Security.

Mr. Adhan Nuri Berhe – Independent Member (App. on 7th February, 2019)



Mr. Berhe holds a Master of Arts in Project Planning and Management from the University of Nairobi, and a BSc in Wildlife Management from Moi University. He has over 25 years of experience in Project Management, Governance and Leadership in both public and private sector. He was also the Chairman of the County Public Service Board, County Government of Tana River.

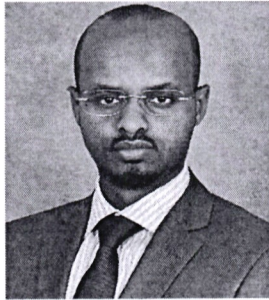
THE BOARD OF DIRECTORS (Conti...)

Mr. Elijah Kamotho Wachira – Independent Member (App. 13th January, 2020)



Mr. Wachira holds an MBA in Management Information Systems, a BSc in Meteorology both from the University of Nairobi and a Post-Graduate Diploma in Systems Analysis and Design from Edinburgh Napier University.

He is the Managing Consultant of Peakline Consultants Limited, Nairobi. He has a wide exposure and experience in Training and Capacity Building; Performance Management Systems; and Strategic Management. Mr. Wachira has hands-on experience in corporate governance of State-owned Enterprises (GOEs) through successful formulation and implementation of corporate policies, strategy and performance management systems at the Kenya School of Government.



Mr. Ali Sahal Idris – Independent Member (App. on 7th February, 2019)

Mr. Idris holds a Master of Business Administration Degree from United States International University-Africa (USIU) and a Bachelor of Commerce in Finance from the University of Nairobi. He is also an alumnus of the Harvard University Kennedy School Executive Education Program and a Fellow of the Association of Chartered Certified Accountants in UK (FCCA). He is a Finance and Management Consultant with over 15 years experience in finance and business management. He has worked with PricewaterhouseCoopers (PwC) in Kenya, Hass Petroleum Group, Dahabshil Bank (renamed East Africa Bank) and Dahabshiil FZCO based in Dubai, UAE. Mr. Idris is a finance and business management advisor to a number of companies and sits on the boards of various private companies.

Dr. Nkatha Linda Gichuyia – Independent Member (App. on 7th February, 2019)



Dr. Nkatha holds a PhD in Architecture and an MPhil in Environmental Design, both from the University of Cambridge in the UK. She is currently a Lecturer at the Architecture and Building Science Department of the University of Nairobi. Recently, she got appointed as a visiting assistant professor to the University College Dublin's School of Architecture, Planning and Environmental policy for a period of 3 years beginning 1st September 2020. Dr Nkatha is deeply involved as well in drawing both National Government and International Policy Frameworks, in her other various capacities as a knowledge broker, Gates Cambridge Scholar, practicing Architect, and as an independent researcher and urban development consultant.

Mr. Vincent Ombaka – Independent Member (App. on 7th February, 2019)



Mr. Ombaka holds a Master of Laws (LLM), a Post-Graduate Diploma and Certificate in Laws from the University of London; a Bachelor of Laws (LLB) from the University of Nairobi; a Diploma in Laws from the Kenya School of law and a Certificate in company secretarial practice. He has a wealth of skills in policy development, research, legislative drafting and business development.



Maj Gen Fatuma Gaiti Ahmed, CBS, OGW – Alternate Member, Chief of the Kenya Defence Forces

An accomplished military officer, Maj Gen Ahmed holds a BA in Sustainable Human Development from Catholic University of Eastern Africa (CUEA) and a Diploma in Management from Strathmore University.



Mr. Arthur Chege Nduati – Alternate Member, PS, The National Treasury

Mr. Nduati holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology, BED (Arts) from Kenyatta University and is a Certified Public Accountant (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) with over 16 years experience in public service.



Dr. Florence N. Muinde – Alternate Member, PS, Public Service.

Dr. Muinde holds PhD in Information Systems from the Victoria University of Wellington, New Zealand and a Masters and Bachelors in Education. She has served in various capacities in the Public Service for over thirty one (31) years, as an educationist; Deputy Director of Programmes in the Civil Service Reforms Programme; Director, Youth Development; Director, Management Consultancy Service in charge of Public Service Delivery Innovation and is currently the Director, Human Resource Development, State Department for Public Service. She is an active member of the following professional associations: Institute of Human Resource anagement (IHRM (K); Kenya Institute of Management (KIM); Kenya Association of Public Administration Management (KAPAM); Association of Africa Public Administration (AAPAM) and the Globethics Advisory Board.

Ms. Anita Jeruto Chepseba – Alternate Member, the Attorney General

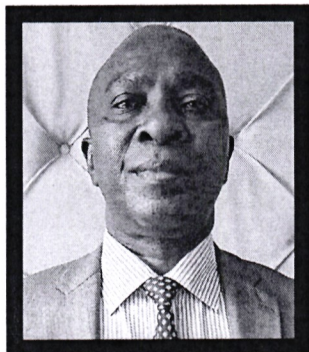


Ms. Chepseba has over 14 year experience in legal practice, including over 10 year in Public Service. She holds a Bachelor of Laws Degree (LLB) from Moi University and a Diploma in Law from Kenya School of Law.

Mr. Benson Ndiira Mugambi - Alternate Member, PS, Youth Affairs



Mr. Mugambi is a career civil servant and the current Secretary for Administration at the State Department for Youth Affairs. He is an alumnus of both the National Defence College and NYS (pre- University training programme). He holds a MA (international Studies) and a Bachelor of Arts (Public Administration) from the University of Nairobi.



Mr. Moffat Kangi - Alternate Member, PS, Interior

Mr. Holds a Master's Degree in Business Administration from Kenyatta University and a Bachelor of Arts (Government) from the University of Nairobi.

He has a wealth of experience in public administration spanning over 35 years. He is currently the Principal Administrative Secretary, State Department for Interior and Citizen Service.

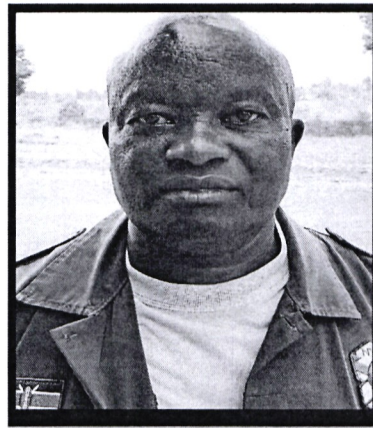
3. MANAGEMENT TEAM



**Matilda P. Sakwa (Ms.), EBS
Director General/CEO
MA. (Development Studies)**



**Mr. James K. Tembur, MBS
DDG, CS&C
MSC. Entrepreneurship**



**James Mmata
Officer in Charge, MTF
MA. (International Studies)**



Mr. James Kairu
Head of Supply Chain Mngt
MBA (Strat. Mngt), KISM



CPA. Maggy N. Munyasya
Director, Internal Audit
MSC. (G&SB), ICPAK & IIA



Mr. Daniel K. Kipchumba
Director, CEM
MBA (Finance), ICPAK, IIA



CPA. Elias K. Macharia
Head of Accounts
MBA (Finance)



CPA. Olima John Oganyo
Head of Finance
MBA (Finance) & MPP&M

4. THE CHAIRMAN'S STATEMENT

The National Youth Service (NYS) was established as a State Corporation following the enactment of the NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Acts No. 17).

The NYS (Mechanical and Transport Branch) is a critical institution to the attainment of mandate of the Service outlined in Section 7 of the NYS Act, 2018. The Institution has facilitated the operations of the Service with its massive transport equipment, undertaking of capital projects and provision of essential facilities. It also focal for establishment of commercial and enterprise activities due to the huge plant and machinery base.

The Council has noted with concern the ageing plant, machinery and equipment after completing their productive life. The valuation process was commissioned for purposes of advising transition of these assets as well as guiding on those that are obsolete and disposable.

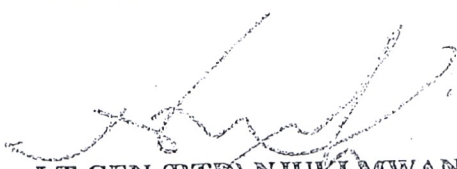
Depreciation of all these machines on straight line basis leads to negative financial performance of the Fund. Going forward, only plant, machinery and equipment that is usefull will be depreciated.

It is also worth mentioning that the Legal Notice that established the Fund that support the operations of MTB expired. The process of review of the Fund therefore commenced in the period under review. The review aims to restructure the MTB and enhance the Fund so as to support all commercail and enterprise activities of the Service. The management of the transport services for NYS may be seperated to allow specialization and division of labor.

I am, therefore, pleased to present the NYS (MTB) Annual Report and Financial Statements for the year ended 30th June, 2021 which refelects the fair performance of the facility as per its mandate and on financially.

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

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


LT GEN (RTD) NJUKI MWANIKI
CHAIRMAN, NYS COUNCIL

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the second Annual Report and Financial Statement for NYS, Mechanical and Transport Branch since the Service assumed a State Corporation status. During the year under review, MTB realized revenue amounting to **Ksh 764,410,413.49** against a target of **Ksh 555,000,000**.

However, the Fund has reported a huge domestic and commercial debt. Some of the debt stretches far back to FY 1990/1991. The debt is a big threat to the productivity and sustainability of MTB.

Management, therefore, has put in place an office for management and collection of debt.

The Council has also set out to develop a credit policy which will, henceforth, apply to all clients of the Service, among other policy and administrative efforts to strengthen the performance and ensure MTB is a going concern.

Finally, am grateful to Government for the continued support.



MATILDA P. SAKWA
CHIEF EXECUTIVE OFFICER

6. STATEMENT OF THE NATIONAL YOUTH SERVICE PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

The Strategic Objectives for the National Youth Service Mechanical and Transport Branch delineated in its Annual Work Plan for 2020/2021 have been implemented under the following areas:

- i. **Provision of hiring services.** The MTB hired out tippers and machines to assist in construction of roads to: KERRA Nandi County, KERRA Meru County, Nairobi Metropolitan Services, Kenya railways, Kisumu old port, Embu County and others.
- ii. **Provision of transport facilities.** MTB buses and small vehicles were hired out to National Youth Service units undertaking its programmes and while undertaking National projects
- iii. **Provision of drilling services.**

The following are the achievements from the services rendered by the NYS Mechanical and Transport Branch:

- i. Generated **Ksh 17,812,980** income from hiring of tippers and machines involved in construction of roads at KERRA in Nandi County, KERRA Meru County and in Embu County.
- ii. Generated **Ksh 334,378,450** income from hiring of tippers and machines involved in garbage collection and cleaning services at Nairobi Metropolitan Services
- iii. Generated **Ksh 84,183,093** income from hiring of tippers and machines involved in revitalization of the Naivasha-Kisumu meter gauge railways line.
- iv. Generated **Ksh 173,742,428.00** income from transport facilities to National Youth Service Units undertaking their day-to-day operation.
- v. Generated **Ksh 13,757,690** income from drilling 8 boreholes in Teso County (4 No.), NYS TTI – Naivasha Field Unit (2 No.), Kajiado County (1 No.) and Siaya County (1 No.).

The following were the major challenges experienced during the FY 2020/2021:

- I. Delay in processing of payments for services rendered to Government Agencies leading to huge unpaid debts. **Ksh 516,610,576** was unpaid from the services rendered during the period under review.
- II. Delayed repair and maintenance of plant and equipment occasioned by lack of local dealers of spare parts for most of Chinese machinery/ vehicles and therefore procurement of these spare parts take long before delivery.
- III. Frequent breakdowns due to ageing fleet
- IV. Vandalized and uncollected machines and equipment from projects undertaken in security prone areas such as Mandera, Boni Forest and Marakwet.
- V. Liquidity challenges hence failure to undertake planned activities and upgrading of the fleets.
- VI. Delay in valuation of non-current assets in general and inability do so for assets in security prone areas

WAY FORWARD

The MTB management has put in place the following measures to overcome the aforementioned challenges:

Annual Reports and Financial Statements
For the year ended June 30, 2021.

The MTF management has put in place the following measures to overcome the aforementioned challenges:

- i. Established a debt collection office to follow up and conduct regular reminders on outstanding payments from government institutions.
- ii. Developed a precise Annual work Plan with clear timelines to guide and cure delays in the implementation of all activities undertaken by MTF.

The table below summarizes MTF's performance against planned objectives for FY 2020/2021.

Planned Activity	Source of Revenue	Projected Revenue	Amount (Ksh)
Provision of hiring Services	Hire of buses		30,032,093
	Ministry of housing		110,244,178
	Hire of machine NMS		35,188,345
	Hire of tipper for garbage collection		66,185,902
	Hire tippers and machine lunar park		47,834,644
	Hire of tipper and machine for roads under NMS		185,169,560
	Hire of tippers for railways corporations		84,183,093
	Hire of machine and equipment to commercial clients		17,812,980
Sub-Total (Hire Services, Ksh)		330,000,000	576,650,795
Provision of Drilling Services	Teso County (4 boreholes), Siaya County (1 borehole), NYS TTI – Naivasha (2 boreholes) and Kajiado County (2 boreholes)	25,000,000	13,757,690
Domestic hire	NYS Hqs and Field Units, and National Service Programmes	200,000,000	173,742,428.00
Training Services	Training of Drivers from Competition Authority, GSU and Administration Police	0	259,500
Total Revenue (Ksh)		555,000,000	764,410,413.49

7. CORPORATE GOVERNANCE STATEMENT

The Council is responsible for policy formulation, strategic oversight and supervision of the Service and is accountable to stakeholders thus ensuring that NYS complies with the law and the highest standards of best practice on corporate governance and quality of service delivery.

The Council has delegated authority to the CEO to conduct the day-to-day business of the Service.

The Council, nonetheless, retains the responsibility for establishing and ensuring overall policy direction, internal controls, operational and compliance issues, as well as implementing the strategies for the success of the Service.

Council Business

**Annual Reports and Financial Statements
For the year ended June 30, 2021.**

During the period under review, the NYS Council comprised of 13 members (two members were replaced mid-way), thus:

1. Lt. Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) - Chairman
2. Mr. Adhan Nuri Berhe - Independent Member
3. Mr. Ali Idris - Independent Member
4. Mr. Arthur C. Nduati - Independent Member
5. Dr. Nkatha Gichuyia - Independent Member
6. Mr. Elijah Wachira - Independent Member
7. Mr. Vincent Ombaka - Independent Member
8. Maj. Gen Fatuma Ahmed - Alternate Member, CDF
9. Ms. Anita J. Chepseba - Alternate Member, AG
10. Mr. Moffat Kangi - Alternate Member, Interior
11. Dr. Florence Muinde - Alternate Member, P/S
12. Mr. Benson Mugambi - Alternate Member, Youth
13. Matilda P Sakwa (Ms.), EBS - Director General/CEO/Sec.

The members who were replaced mid-way were: Ms. Ruth Koga (retired in December, 2020 and was replaced in January, 2021 by Dr. Florence Muninde, Alternate Member, P/S) and Mr. Moffat Kangi, alternate Member, Interior replaced Mr. Kang'ethe Thuku in December, 2020.

The board charter, and the code of ethics and conduct for the board were in place. All new Directors of the Board were inducted and trained on governance matters.

The Board members were paid sitting allowances for all Full Council and Council Committee meetings attended as well as daily subsistence allowances for activities attended over days. The Chairman was further paid a monthly honorarium and airtime as per the Guidelines on terms and conditions of service for Chairpersons, Directors and CEOs for State Corporations.

During the period under review, the Council held seven (7) meetings and nil conflict of interest was registered.

Table 1 below summarizes members' attendance of the meetings.

Table 1: Summary of members' attendance of NYS Full Board Meetings held during FY 2020/2021

S/No	Board member	Position	28 th Jul. 2020	19 th Aug. 2020	30 th Sept. 2020	16 th Dec. 2020	21 st Jan. 2021	17 th Mar. 2021	14 th Apr. 2020	Att. Rate (%)
1.	Lt Gen (Rtd) Njuki Mwaniki	Chairman	P	P	P	P	P	P	P	100
2	Ali Idris	Independent Member	P	P	P	P	P	P	P	100
3	Dr. Nkatha Gichuyia	Independent Member	P	P	O	P	P	P	P	86
4.	Adhan Nuri Berhe	Independent Member	P	P	P	P	P	P	P	100
5.	Vincent	Independent	P	P	P	P	P	P	P	100

**Annual Reports and Financial Statements
For the year ended June 30, 2021.**

	Ombaka	Member								
6.	Elijah Wachira	Independent Member	0	P	P	P	P	P	P	86
7.	Maj Gen Fatuma Ahmed	Alternate Member	0	P	P	P	P	P	P	86
8.	Anita Chepseba	Alternate Member	P	P	P	P	P	P	P	100
9.	Arthur C. Nduati	Alternate Member	P	P	0	P	P	P	P	86
10.	Moffat Kangi	Alternate Member	N/A	N/A	N/A	0	P	0	P	50
11.	Dr. Florence Muinde	Alternate Member	N/A	N/A	N/A	N/A	N/A	N/A	P	100
12.	Benson Mugambi	Alternate Member	N/A	N/A	N/A	N/A	P	0	P	67
13.	Ruth Koga	Alternate Member	P	P	P	P	N/A	N/A	N/A	100
14.	Kang'ethe Thuku	Alternate Member	P	0	0	N/A	N/A	N/A	N/A	33
15.	Matilda Sakwa	DG/CEO	P	P	P	P	P	P	P	100
Rate of Attendance per Meeting (%)			85	92	85	92	100	85	100	91

KEY

P	Present
0	Absent
N/A	Not a member then

Committees of the Council

The Council has four committees which meet regularly under the terms of reference set by the Council.

The Committees include:

- a. Audit and Risk Management Committee;
- b. Finance and Enterprise Development Committee;
- c. Human Resource and Administration Committee; and
- d. Operations, Training and Programmes Committee.

In compliance with section 9 of the State Corporations Act, Cap 446 and the Code of Governance for State Corporations (Mwongoza) the membership to the NYS Council Committees was rotated effective 15th October, 2020.

The new membership to the Committees and individual member's participation the business of the Committee is summarized below.

Audit and Risk Management Committee

Annual Reports and Financial Statements
For the year ended June 30, 2021.

The Audit and Risk Management Committee meets four times a year or as necessary. It is responsible for supporting the Council and the CEO in carrying out the oversight responsibility by reviewing risk, control, performance and governance processes of the Service.

The Head of NYS Internal Audit Unit is the Secretary to the committee.

During the period under review, the Audit and Risk Management Committee held four (4) meetings, attended as follows:

No.	Board member	Position	23 rd Sept. 2020	10 th Feb. 2021	17 th Apr. 2021	16 th Jun. 2021	Memb. Att. Rate (%)
1.	Ali Sahal Idris	Chairman	P	P	P	P	100
2.	Dr. Nkatha Gichuyia	Member	P	N/A	N/A	N/A	100
3.	Anita Chepseba	Member	P	P	P	0	75
4.	Arthur C. Nduati	Member	P	P	P	P	100
5.	Adhan Berhe	Member	N/A	P	P	P	100
6.	Maj Gen Fatuma Ahmed	Member	N/A	o	0	P	33
Meeting Att. Rate (%)			100	80	80	80	85

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KEY

P	Present
0	Absent
N/ A	Not a member then

Finance and Enterprise Development Committee

The Finance and Enterprise Development Committee oversees, determines and advises on all matters relating to the finances, enterprise, assets and liabilities (financial) of the Service.

During the period under review, the Finance and Enterprise Development Committee held six (6) meetings, attended as follows:

No.	Board member	Position	10 th Jul. 2020	22 nd Jul. 2020	28 th Sept. 2020	24 th Nov. 2020	18 th Jan. 2021	13 th Apr. 2021	Mem. Att. Rate (%)
1.	Vincent Ombaka	Chairman/ Member	P	P	P	P	P	P	100
2.	Adhan Nuri berhe	Member	P	P	P	N/A	N/A	N/A	100
3.	Arthur C. Nduati	Member	P	P	0	P	P	P	83
4.	Kang'ethe Thuku	Member	0	P	0	N/A	N/A	N/A	33
5.	Elijah K. Wachira	Member/ Chairman	P	P	P	P	P	P	100
6.	Ruth Koga	Member	N/A	N/A	P	P	P	N/A	100
7.	Dr. Nkatha Gichuyia	Member	N/A	N/A	N/A	P	P	P	100
8.	Benson Mugambi	Member	N/A	N/A	N/A	N/A	P	P	100
Meeting Att. Rate (%)			80	100	80	100	100	100	93

KEY

P	Present
0	Absent
N/ A	Not a member then

Human Resource and Administration Committee

The primary responsibility of the Human Resource and Administration Committee is to oversight, review and recommend appropriate and effective human resource policies, strategies, procedures and practices in the Service. During the period under review, the Human Resource and Administration Committee held six (6) meetings, attended as follows:

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No.	Board member	Position	2 nd Jul. 2020	16 th Jul. 2020	10 th Aug. 2020	24 th Mar. 2021	8 th Apr. 2021	27 th Apr. 2021	Memb. Att. Rate (%)
1.	Adhan Nuri Berhe	Chairman	P	P	P	N/A	N/A	N/A	100
2.	Anita Chepseba	Member	P	P	P	P	P	P	100
3.	Maj Gen Fatuma Ahmed	Members	P	0	P	N/A	N/A	N/A	67
4.	Vincent Ombaka	Member/ Chairman	P	P	P	P	P	P	100
5.	Ruth A. Koga	Member	P	P	P	N/A	N/A	N/A	100
6.	Dr. Nkatha Gichuyia	Member	N/A	N/A	N/A	P	P	P	100
7.	Dr. Florence Muinde	Member	N/A	N/A	N/A	N/A	P	P	100
8.	Moffat Kangi	Member	N/A	N/A	N/A	0	0	P	33
Meeting Att. Rate (%)			100	80	100	75	75	100	88

KEY

P	Present
-	Absent
N/ A	Not a member then

Operations, Training and Programmes Committee

The Operations, Training and Programmes Committee is responsible for oversight on the core mandate of the National Youth Service (NYS), which is youth empowerment. The committee, therefore, oversees all matters relating to paramilitary training and service regimentation, national service programmes and vocational training of the service men and women. The committee oversees formulation and implementation of policies and strategies on all technical programmes and projects in the Service.

During the period under review, the Operations, Training and Programmes Committee held three (3) meetings, attended as follows:

No.	Board member	Position	9 th Oct. 2020	19 th Jan. 2021	13 th Apr. 2021	Memb. Att. Rate (%)
1.	Dr Nkatha Gichuyia	Chairman	P	N/A	N/A	N/A
2.	Adhan Berhe	Chairman	N/A	P	P	100
3.	Maj Gen Fatuma Ahmed	Members	0	P	P	67
4.	Ali sahal Idris	Member	P	P	P	100
5.	Elijah Wachira	Member	P	P	P	100
6.	Benson Mugambi	Member	N/A	P	P	100
7.	Moffat Kangi	Member	N/A	0	P	50
Meeting Att. Rate (%)			75	83	100	86

KEY

P	Present
----------	---------

0	Absent
N/A	Not a member then

8. MANAGEMENT DISCUSSION AND ANALYSIS

The general operational and financial performance of the NYS Mechanical and Transport fund has been fair. The Covid-19 pandemic was a challenge for MTF just as it did to the entire Service and the entire economy domestically and internationally. However, we remain hopeful that the pandemic will be contained earliest enough to set the stage for serious recovery of the economy.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

MTF was established to offer transport to the National Youth Service and other users on hire as well as training services for youth. This is the driving force behind everything we do.

Currently, there are legislative, policy and strategy gaps. The National Youth Service Council and Management have therefore embarked on the process of ensuring MTF is restructured, strengthened and sustainable.

i) Sustainability strategy and profile

The MTF Legislations has expired and the process of review to enhance its operations and financial strength. The Commercial and enterprise targets will be made sharper and be the focus of the new Fund. The Fund may be renamed to take care of the interests of NYS' mandate of commercializing its assets and resources as a whole.

ii) Environmental performance

There have been accrual of debts at the NYS Mechanical and Transport Branch, some stretching back to the '90s. The Service is going to put in place a credit policy and structures that will ensure debt is managed at its minimal and a health customer environment maintained.

iii) Employee welfare

Appropriate employee welfare schemes and practices will be put in place to ensure that they remain motivated, skilled and productive.

a) Responsible competition practice.

The Service will put mechanisms in place to ensure competitive pricing and relevance in the market. Being a public agency, the costs of all products and services of MTF will be affordable by all and sundry.

b) Responsible Supply chain and supplier relations

Good relations with suppliers will be ensured and the public procurement guidelines will be followed to the letter.

10. REPORT OF THE DIRECTOR

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the *NYS – Mechanical and Transport fund (MTF)* affairs.

i) Principal activities

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

ii) Results

The results of the entity for the year ended June 30, 2021, are set out on page xvii.

iii) Directors

The members of the Board of Directors who served during the year are listed on page viii. During the year one director (Ms. Ruth Koga) retired and one (Dr. Florence Muinde) was appointed in her place with effect from March 25, 2021. One Director (Mr. Kang'ethe Thuku) was transferred and replaced by Mr. Moffat Kangi with effect from December 16, 2020.

iv) Surplus remission

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

v) Auditors

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

By Order of the Board

Name Name: Matilda P. Sakwa (Ms.), EBS

Signature 

Date 31/06/2022

Secretary to the Board

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

These Financial Statements have been prepared in accordance to section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act. The Statements give a true and fair view of the state of affairs of the National Youth Service Mechanical and Transport fund as at 30th June, 2021 as well as its operating results for the FY 2020/2021.

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

The Statements here prepared and presented by the Directors of the National Youth Service Council, give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2021.

The Directors therefore are fully responsible for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Service's financial statements give a true and fair view of the state of the transactions of NYS during the financial year ended June 30, 2020, and of the financial position of NYS as at the stated date. The Directors further confirm the completeness of the accounting records maintained for the NYS which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Board approved these Financial Statements on ..., 2021, and signed on its behalf by:



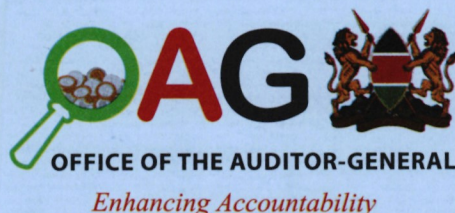
Accounting Officer

Name: Matilda P. Sakwa (Ms.), EBS

DIRECTOR-GENERAL/CEO, NYS

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE MECHANICAL AND TRANSPORT FUND FOR THE YEAR ENDED 30 JUNE, 2021

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 the National Youth Service Mechanical and Transport Fund set out on pages 27 to 49, which comprise of the

statement of financial position as at 30 June, 2021, and the statement of financial performance, the statement of changes in net assets, the 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Youth Service Mechanical and Transport Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Non-Current Assets

The statement of financial position and as disclosed in Note 19 to the financial statements reflects total non-current assets balance of Kshs.4,059,317,242. However, the Management had not valued the assets for financial reporting purposes since inception and the depreciation policy has not been approved by Council.

In the circumstances, the accuracy and completeness of non-current assets balance of Kshs.4,059,317,242 could not be confirmed.

2. Unsupported Receivables

The statement of financial position reflects receivables from the National Youth Service Units balances of Kshs.1,003,517,664 and receivables from external operations of Kshs.641,736,8697 all totalling to Kshs.1,645,254,533. However, supporting schedules were not provided for audit verification. In addition, provisions for bad and doubtful debts were not made for the receivables to recognize possible impairment of the debts.

In the circumstances, the validity, accuracy and completeness of the receivables totalling to Kshs.1,645,254,533 could not be confirmed.

3. Unsupported Overpayment for Supplies

The statement of financial performance and as disclosed in Note 13 to the financial statements, reflects supply of firefighting/disaster materials totalling to Kshs.2,620,000 which includes an amount of Kshs.1,220,000 paid to a supplier during the year under review. Records indicated that the supplier was issued with an undated Local Purchase Order for the supply and delivery of various items at a cost of Kshs.1,220,000. However, the supplier was only able to supply materials worth Kshs.720,000, resulting in an unexplained overpayment of Kshs.500,000. In addition, it has not been disclosed whether due diligence was carried out to evaluate the firm's capacity to supply the items.

In the circumstances, the validity and completeness of the expenditure totalling to Kshs.500,000 could not be confirmed.

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

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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: AG.4/16/2Vol.3(72) dated 30 June, 2021.

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

Grounded Motor Vehicles

Review of the Fund's assets revealed that seven (7) motor vehicles have been grounded for a long time due to various mechanical reasons. Management has not made any efforts to repair or to seek for approval for disposal of the vehicles.

In the circumstances, the assets continued to deteriorate and any salvage value that could have been realized may be lost.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its 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 the 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 overall 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 control 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 control 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 control 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 control.

- 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 control 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

29 June, 2022

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED JUNE 30, 2021

	Notes	2020/2021	2019/2020 Restated	2019/2020 Certified/Audited
		Kshs.	Kshs.	Kshs.
Revenue From Hiring Charges				
Hire of buses	1a	30,032,093.20	25,693,314	29,415,855
Hire of water rigs Net commercial project revenue (road construction, garbage & others	1b	560,376,392	266,754,198	266,754,198
Domestic hire	1c	173,742,428	290,334,381.00	290,334,381
Other income	1d	259,500		0
Total Revenue		764,410,413	582,781,893	586,504,434
Expenses				
Finance costs	2	98,742	111,748	154,012
Fuel and lubricants	3	199,972,082	170,281,373	170,281,373
Repairs, maintenances and servicing expenses	4	164,602,843	103,103,036	103,103,036
Tyres and batteries	5	64,693,402	88,729,660	88,729,660
Welding expenses	6	2,182,004	497,912	497,912
Stationery	7	10,317,889	4,052,448	4,110,948
Drilling expenses	8	20,675,113	5,381,905	5,381,905
Office expenses	9	2,149,390	4,094,014	4,083,120
Ruiru prison project	10		13,273,340	11,325,340
Personnel allowance	11	29,988,380	16,335,744	16,293,480
Supply of fabrication materials for workshop use	12	1,073,700.00	0	0
Supply of firefighting/disaster materials	13	2,620,000.00	0	0
Total expenses		498,373,545	405,861,180	403,960,786
Profit before depreciation and taxes		266,036,868	176,920,713	182,543,648
Depreciation and amortization expense	14	501,685,792	499,337,420	499,337,420
Profit/loss after depreciation before taxes		-235,648,924.00	-322,416,707.00	-316,793,772.00
Taxes		0	0	0
Profit/loss after taxes		-235,648,924.00	-322,416,707.00	-316,793,772.00

The Financial Performance set out on pages 27 was signed on behalf of the Board of Directors by:



Accounting Officer:

Name: Matilda P. Sakwa (Ms.), EBS
DIRECTOR-GENERAL/CEO, NYS

Date: 31/5/22



Head of Finance


Name: CPA Harrison.M.Rioba
ICPAK Member Number: 17655


Date: 31/5/2022

13. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2020/2021	2019/2020	2018/2019
		Kshs.	Restated Kshs.	Kshs.
Assets				
Current assets				
Cash and cash equivalents	15	296,178,048	612,442,618	614,365,802
Receivables from NYS units	16	1,003,517,664	829,775,236	829,775,236
Receivables from external operations	17	641,736,869	1,75,087,243	178,809,794
Inventories	18	605,387,280	575,478,485	575,478,485
Total current assets A		2,546,819,860	2,192,783,582	2,198,429,317
Non-current assets				
Small vehicles, Commercial trucks, & plant and machinery	19	4,059,317,242	4,543,212,448	4,543,212,448
Total Non-current assets B		4,059,317,242	4,543,212,448	4,543,212,448
Total assets (total current assets total non-current assets) (A+B)		6,606,137,102	6,735,996,040	6,741,641,765
Current liabilities				
Trade and other payables	20	152,185,041.00	43,723,755	43,723,755
Prepayments	21	13,785,756	17,868,554	17,868,554
Sundry creditors	22	8,579,233	8,579,233	8,579,233
Total Current liabilities C		174,550,030	70,171,542	70,171,542
Fund balance D	23	6,431,587,072	6,665,824,508	6,671,470,233
Total fund and liabilities(C+D)		6,606,137,102	6,735,996,040.00	6,741,641,765

The financial position set out on pages 28 was signed on behalf of the Board of Directors by:


Accounting Officer
 Name: Matilda P. Sakwa (Ms.), EBS
 DIRECTOR-GENERAL/CEO, NYS
 Date: 31/5/22


Head of Finance
 Name: CPA Harrison.M.Rioba
 ICPAK Member Number: 17655
 Date: 31/05/2022

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2021

	Fund balance	Retain earnings	prior year adjustment	Disposal & Acquisitions	Total
Balance Bought Forward As at 1st July 2019	6,989,247,643				6,989,247,643
Loss for the year ended 30th June 2020		-322,416,707			-322,416,707
Purchase of motor vehicle for the year ended 30th June 2020				90,844,448	90,844,448
Prior year adjustment year ended 30th June 2020	6,989,247,643	-322,416,707	-91,850,876	90,844,448	6,665,824,508
Balance Bought Forward As at 1st July 2020	6,665,864,508				6,665,864,508
Loss for the year ended 30th June 2021		-235,648,924			-235,648,924
Purchase of motor vehicle for the year ended 30 June 2021				17,790,585	17,790,585
Prior year adjustment			-16,419,097		-16,419,097
Closing balance As at June 30th June 2021	6,665,864,508	-235,648,924	-16,419,097	17,790,585	6,431,587,072

**Annual Reports and Financial Statements
For the year ended June 30, 2021.**

14. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2021

Cash flows from operating activities			
Surplus/loss for the year	-235,648,923.80	-322,416,707.00	-316,793,772.00
Depreciation	501,685,792	499,337,420	499,337,420
Increase/decrease in stock	-29,908,794	0	0
Increase /decrease in domestic debt	-173,742,428	457,894,527	457,894,527
Increase /decrease in external debt	-466,649,627	47,180,497	43,505,070
Increase/decrease in prepayment	4,082,798	-20,620,042	-20,620,042
Increase/decrease in trade creditors	108,461,286	28,603,612	28,603,612
Increase/ decrease in difference	-6,754,130		0
Total Surplus/loss for the year	-298,474,027	689,979,307	691,926,815
Net cash flows from operating activities			
Cash flows from investing activities			
Purchase of small motor vehicles	-17,790,585	-90,844,448	-90,845,011
Net cash flows used in investing activities	-17,790,585	-90,844,448	-90,845,011
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents	-316,264,612	599,134,859	601,081,804
Cash and cash equivalents at 1 st July 2020	612,442,618	13,307,759	13,307,759
Cash and Cash Equivalents at 30th June 2021	296,178,006	612,442,618	614,389,563

The Cash flow statement set out on pages 30 was signed on behalf of the Board of Directors by:

Accounting Officer

Name: Matilda P. Sakwa (Ms.), EBS

DIRECTOR-GENERAL/CEO, NYS

Date:

Head of Finance

Name: CPA Harrison.M.Rioba

ICPAK Member Number: 17655

Date:

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15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2021

	Original Budget 2020/2021	Adjustments 2020/2021	Final Budget 2020/2021	Actual/Comparable Basis 2020/2021	Performance Difference 2020/2021
	Ksh	Ksh	Ksh	Ksh	Ksh
Revenue					
Hire of buses	30,000,000	0	30,000,000	30,032,093	-32,093
Hire of water rig	25,000,000	0	25,000,000	13,757,690.00	11,242,310
Net commercial project revenue (road construction, garbage & others)	240,000,000	60,000,000	300,000,000	546,618,702.29	-246,618,702
Domestic hire	200,000,000	0	200,000,000	175,855,260	24,144,740
Gains on disposal (A.I.A)	5,000,000	-5,000,000	0	0	0
Less personnel allowance				-23,133,380	
Total income (A)	500,000,000	55,000,000	555,000,000	743,130,365	-211,263,745
Expenses					
Repairs, maintenance of vehicles & machines and equipment	234,750,000	30,000,000	264,750,000	263,017,135.05	1,732,865
Fuel, oil and lubricants	200,000,000	50,000,000	250,000,000	205,893,842.00	44,106,158
Operation expenses	16,500,000	0	16,500,000	14,531,589	1,968,411
Water Drilling & Geo-survey	15,000,000	0	15,000,000	5,895,834	9,104,166
Purchase of motor vehicle	366,500,000	-352,000,000	14,500,000	14,500,000	0
Purchase of Tyres	60,000,000	0	60,000,000	49,538,602	10,461,398
Purchase of batteries	15,000,000	0	15,000,000	4,785,062	10,214,938
Monitoring and Evaluation	8,500,000	0	8,500,000	6,855,000	1,645,000
Total expenditure(B)	916,250,000	-272,000,000	644,250,000	565,017,064	79,232,936
Surplus/Deficit for the Period C= (A-B)	-416,250,000	327,000,000	-89,250,000	178,113,301	-290,496,681
Previous year cash and cash equivalent brought forward D	612,442,618	0	612,442,618	612,442,618	
Surplus/Deficit for the Period after add previous cash & cash equivalent brought forward E=(C-D)	196,192,618	327,000,000	523,192,618	790,555,919	

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *NYS-MTF* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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

The financial statements have been prepared in accordance with the PFM 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. Relevant new standards and amendments to published standards effective for the year ended June 30, 2018.
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended June 30, 2018.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: January 1, 2022:</p> <p>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.</p> <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>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>c) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>d) Amendments to the implementation guidance on deemed cost</p>

	in IPSAS 33 to make it consistent with the core principles in the Standard
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iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

a) Revenue recognition

Hiring charges of vehicle, plant and equipment

The Mechanical and Transport Fund recognizes revenues from hiring of buses, hire of small vehicles/lorries hire of equipment & heavy machines when the service have been provided and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

- The income to the fund is through commercial and domestic hire of vehicles, plant, machinery and equipment.
- The rate applicable for hire of equipment is contained in the Exchequer and Audit Act (cap 4-12, Mechanical and Transport Fund Regulation, 2003 (Legal Notice No .53-part B).
- Domestic hire comprises hire of all hire charges incurred by National Youth Services Units for use of mechanical transport fund machines & equipment.
- Commercial hire comprises of hire of equipment at Tana Basin Road Project, private institution, individuals or any other organisation that may be in need of the equipment.
- Domestic debt arises because of outstanding invoices for services rendered to NYS units at the end of the reporting period.
- Commercial debt arises because of outstanding invoices for external clients at the end of the financial period.
- The cash flow statement has been prepared using indirect method.

Legal status

Legal Notice No. 15 of 30th January 2011 established the NYS Mechanical and Transport Fund and began operations in financial year 2011/2012.

All motor vehicles, plant, machinery and equipment are valued at cost, less accumulated depreciation, fully depreciated and impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of motor vehicles, plants and equipment's are require replacement at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, the cost of a major inspection 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.

Non-current Assets	Rate of Depreciation	Useful Life	Compositions per class of non-current assets
Heavy machinery	5%	20 years	Distributor , Wide Loader, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.
Commercial Trucks and Buses	7%	14 year 3 months	Buses and Minibus, Dongfeng, Recovery, workshop Steyr and shacman truck, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.
Small vehicles	10%	10 years	Pickups, Prado land cruiser, Nissan, Peugeot and Mercedes etc.

Inventories

Stock as assets are in form of spares parts and serviceable parts to be consumed in the servicing, repairs and maintenance of heavy machinery, commercial trucks and buses and small vehicles. The value of stock indicated in the accounts relate to chine phase I and phase II which constitutes 70% of the stock and the other stocks are spare parts purchased locally. The spare parts are valued at cost. The cost of inventory is its fair value.

b) Budget information

The National Youth Service Council and Cabinet Sectary, Ministry of Public Service and Gender approved the original budget for FY 2020-2021.

The Service's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance.

Whereas the budget is prepared on a cash basis, the amounts in the financial statements are recast on accrual basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is then presented in the statement of comparison of budget and actual amounts.

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In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Mechanical and Transport Fund 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank at commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

i) Comparative figures

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

j) 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 September 30th 2020.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements for the National Youth Service (Mechanical and Transport Branch) is in conformity with IPSAS. In preparing the Statements, Management made judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The National Youth Service (Mechanical and Transport Branch) based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of MTF. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. INCOME

a) HIRE OF BUSES

Hiring Charges			
Commuter buses	Nil		
Hiring of buses	30,032,093.20	25,693,314	29,415,855
Total revenue from hire of buses	30,032,093.20	25,693,314	29,415,855

Commuter buses operations were suspended during the financial year until further notice due to Covid-19 pandemic. Hiring of buses revenue of Kshs 30,032,093 is from both the public and private hiring. The hiring charges were charged per kilometre using public work charge rate.

b) HIRE OF WATER RIG, PLANT AND EQUIPMENT

Hire of machines	546,618,702.29	241,890,467	241,890,467
Hire of water rig	13,757,690.00	24,863,731	24,863,731
Totals	560,376,392.29	266,754,198	266,754,198

- i. During the financial year the fund managed to earn Kshs 334,378,450.09 from Nairobi metropolitan, being Kshs 66,185,901.69 for hire of tippers and machines for garbage collection, Kshs 35,188,344.60 for hire of tippers for construction of lunar park bay and Kshs 47,834,643.70 for hire of tippers and Kshs. 185,169,560.10 hire of tippers and machines for construction of Grogan, Kangundo and Mukuru roads.
- ii. The fund generated Kshs. 110,244,179.20 from ministry of housing for hire of tippers and machines during the financial year.
- iii. The fund also generated Kshs 84,183,093.20 from Kenya railways, being revenue for hiring of tippers in construction of Nakuru –Kisumu, Thika –Nanyuki, and Gilgil- Nyahururu-

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- iv. Generated Kshs 17,812,980.00 income from hiring of tippers and machines involved in construction of roads at KERRA in Nandi County, KERRA Meru County and in Embu County.
- v. Generated **Kshs 13,757,690** income from drilling 8 boreholes in Teso County (4NYSTTI – Naivasha Field Unit (2 No.), Kajiado County (1 No.) and Siaya County (1 No.).

c) HIRE OF DOMESTIC

Description	1st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 Certified /Audited
	173,742,428.00	290,334,381	290,334,381
Domestic hires	173,742,428.00	290,334,381	290,334,381

Domestic hire revenue during the financial year was **Kshs. 173,742,428.00** against the previous years' **Kshs 290,334,381**. Limited operations due to Covid-19 pandemic led to the decrease. The hire of small vehicles used in transporting members and staff of the Service to various Units and to national celebrations, recruitments and distributing goods from the central stores to all others NYS units were limited by the pandemic containment measures.

d) OTHER INCOMES

Description	1st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 certified /audited
Training of drivers	259,500	00	00

The amount is from training of competition Authority, GSU and Administration Police drivers during the financial year.

2. FINANCE COSTS/BANK CHARGES

Description	1st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 certified /audited
	Kshs		
Bank charges	98,742	111,748	154,012
Total finance costs	98,742	111,748	154,012

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3. FUEL AND LUBRICANTS

Fuel	180,000,000	136,652,572	136,652,572
Lubricants	19,972,082	33,628,801	33,628,801
Total Fuel and lubricants	199,972,082	170,281,373	170,281,373

4. REPAIR, MAINTENANCE & SERVICING

Spares issued from china stock	34,684,529.22	36,588,189	36,588,189
Spares bought locally and used during the period	90,906,901.00	50,179,507	50,179,507
Services expenses	39,011,413.	16,335,790	16,335,790
Total	164,602,843.22	103,103,486	103,103,486

5. COST OF TYRES AND BATTERIES

Cost of Batteries	4,119,990	5,304,894	5,304,894
Cost of Tires	60,793,402	83,424,766	83,424,766
Total	64,913,392	88,729,660	88,729,660

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6. WELDING AND SPRAYING EXPENSES

Description	1st July 2020 to 30th June 2021 Certified /Audited	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 certified /audited
	Kshs		
Welding and spraying expenses	2,182,004.53	497,912	497,912

7. STATIONERY

Description	1st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 certified /audited
	Kshs		
Stationery and other office expenses	10,317,889	4,052,448	4,110,948
Stationery	10,317,889	4,052,448	4,110,948

8. DRILLING EXPENSES

Description	1st July 2020 to 30th June 2021 Certified /Audited	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 certified /audited
	Kshs		
Drilling expenses including materials and fitting equipment in Teso, NYS TTI, Kajiado and Siaya	6,191,959	5,381,905	5,381,905
Purchase of three (3) new water pumps (issue of three pump)	14,483,154	00	00
Total drilling expenses	20,675,113	5,381,905	5,381,905

9. FIREFIGHTING/ DISASTER MATERIAL

Description	1st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 certified /audited
	Kshs		
Purchase and maintenance of firefighting and disaster response machinery, materials and equipment	2,620,000	00	00
Total	2,620,000	00	00

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10. OFFICE EXPENSES

Purchase of airtime, drinking water, repair and maintenance of buildings	2,149,350	4,094,014	4,083,120
Total Offices Expenses	2,149,350	4,094,014	4,083,120

11. SUPPLY OF FABRICATION MATERIAL

Purchase of materials for fabrication works	1,073,700	00	00
Total Cost of Fabrication Material	1,073,700	00	00

12. RUIRU PRISON

Issue Material on completion an irrigation Project	00	13,273,340	11,325,340
Total amount	00	13,273,340	11,325,340

13. PERSONEL ALLOWANCE

Description	1st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 Certified /Audited
	Ksh		
NMS staff allowances	16,665,280		
Ministry of housing allowances	6,467,400.00		
Monitoring and evaluation allowance for officers checking monitoring various project and collection of machines from Marakwet, Boni and Hindi	6,855,700.00	16,335,744	16,293,480
Total Personnel Allowance	29,988,380	16,335,744	16,293,480

14. DEPRECIATION OF NON-CURRENT ASSETS

Classification of MTF Assets and the Applicable Depreciations Rates

Non-current assets	Rate of Depreciation	Useful life	Compositions per class of non-current assets
Heavy machinery	5%	20 years	Distributor , Wide Loader, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.
Commercial Trucks and Buses	7%	14 year 3 months	Buses and Minibus, Dongfeng ,Recovery, workshopSteyr and shacman truck, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.
Small vehicles	10%	10 years	Pickups, Prado land cruiser, Nissan, Peugeots and Mercedes etc.
Furniture & fitting	12.5%	8years	Executive table , chairs ,cabinet
Computer accessories	33.3%	3 years	Computers, printer laptop copiers

The depreciation is on a straight-line basis, in which case the vehicle, machinery and trucks loose same amounton each year and the cost of fully depreciated assets deducted on both the cost of assets and accumulated depreciation as shown in the table below.

MTF Assets Depreciation during FY 2020/2021

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	ksh		
Heavy Machinery	246,520,659	246,520,659	246,520,659
Commercial Trucks And Buses	206,000,400	206,000,400	206,000,400
Small Vehicles	48,266,361	46,816,361	46,816,361
Furniture	118,625		
Computer accessories	779,747		
Total depreciation	501,685,792	499,337,420	499,337,420

15. CASH AND CASH EQUIVALENT

Cash book bank balance as at 30 th June, 2021	296,178,044.65	612,442,618	614,365,802
Total cash and cash equivalent	296,178,044.45	612,442.618	614,365,802

16. RECEIVABLES FROM DOMESTIC DEBT

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	1 st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 Certified /Audited
	Kshs		
Balance B/forward	829,775,236.00	1,195,310,978	1,195,310,978
Add: Receivable for the period ended 30 th June, 2021	173,742,428.00	290,334,381	290,334,381
Total Outstanding and Current Year	1,003,517,664	1,485,645,359	1,485,645,359
Less: Debt repayment	0	20,870,123	20,870,123
Less: TVET program repayment	0	635,000,000	635,000,000
Closing Balance C/D	1,003,517,664	829,775,236	829,775,236

17. RECEIVABLES FROM COMMERCIAL CLIENTS

Description	1 st July 2020 to 30th June 2021	July 2019 to 30th June 2020 Restated	July 2019 to 30th June 2020 Certified /Audited		
	Kshs				
Balance B/F	175,087,253	222,314,863	222,314,863		
Nairobi Metropolitan Services	334,378,450	0	0		
Sundry Costs (to be reimbursed by NMS)	9,917,482	6,797,601	6,797,601		
Kenya Railways Corporation	115,149,853				
Ministry of Housing	73,028,747.00	0	0		
Others	52,423,650	222,314,863	222,314,863		
Total Outstanding during the period ended 30th June, 2021	764,891,109.6	112,350,454	116,072,995		
Sundry debtors 30 June 2020		6,797,601	6,797,601		
Grand Total as at 30th June, 2021(Ksh) (A)	771,139,781	341,462,918	345,185,459		
Payments made during the period (B)	-129,402,912	166,375,665	166,375,665		
Total commercial receivable (A-B)	641,736,869	175,087,253	178,809,794		
Date	Client	Amount	As At 30/6/21	Debt FY 2020/2021	Outstanding As At 30th June 2021
30/06/2021	Kenya Railways	45,109,494.40	0	84,183,093.20	129,292,587.60
30/06/2021	Ministry of Infrastructure	115,149,853.80	37,414,553.20		77,735,300.60
30/06/2021	NMS	76,777,188.00	74,842,793.50	344,295,932	346,230,326.50
			112,257,346.70	428,479,025.2 0	553,258,214.70

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18. INVENTORIES

China Phase 1&11 and Local Stocks B/F	575,478,485	545,145,452	545,145,452
Add: Lower & Upper warehouse stock purchases during the FY 2020/2021	442,537,681	287,921,222	287,921,222
Total Available Inventories	1,018,016,166	833,066,674	833,066,674
Less: China and local stocks issued during, servicing FY 2020/2021	449,943,440	212,588,189	212,588,189
Total Inventories available as at 30th June, 2021	605,387,279.52	575,478,485	575,478,485

19. Property, plant and equipment

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	Machinery	Trucks				
Cost	Kshs	Kshs	Kshs	kshs	kshs	Kshs
Balance bought forward As at 1 st July 2020	4,951,510,586	3,142,820,107	607,155,304			8,701,485,997
Additions	0		14,500,000	2,341,585	949,000	17,790,585
Disposals	0		0			0
Less: Fully Depreciated / Adjustments (See applicable rates, Note 2)	21,097,412	199,957,257	138,991,691	0	0	360,046,360
Total Value of assets As at 30th June 2021 before Accumulated Depreciation (A)	4,930,413,174	2,942,862,850	482,663,613	2,341,585	949,000	8,359,230,222
Depreciation and impairment as at 1 st July 2020	1,963,155,738	1,623,340,470	211,730,980	0	0	3,798,227,188
Depreciation as at 30 th June 2021	246,520,658.75	206,000,399.50	48,266,361.30	779,747.81	118,625.00	501,685,792
Less: Fully depreciated / adjustments	21,097,412	199,957,257	138,991,691	0	0	360,046,360
Accumulated Depreciation as 30TH JUNE, 2021 (B)	2,188,578,984.75	1,629,383,612.50	121,005,650.30	779,747.81	118,625.00	3,939,866,620
Net Book Value as at 30th JUNE, 2021 (A-B)	2,720,736,777.25	1,113,521,980.50	222,666,271.70	1,561,837.20	830,375.00	4,059,317,241.6

19. TRADE PAYABLES (Paid as First Charge)

Description	1st July 2020 to	July 2019 to 30th	July 2019 to 30th

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Trade Accounts Payable for supply of spare parts, oils and lubricants and service parts	147,153,779	43,723,755	43,723,755
Allowances for personnel (per diem not paid)	5,031,262		
Total trade and other payables	152,185,041	43,723,755	43,723,755

20. PREPAYMENTS

KERRA-Marakwet Road Project	10,966,488	10,909,888	10,909,888
Frontier engineering	1,017,018		
Demolition of unwanted structures by the Ministry of Public works	909,263.80	1,227,600	1,227,600
Embu county government	57,126.95		
Ruru prison for Irrigation project	726,660	1,135,372	1,135,372
Kenha	109,200		
Teso NG-CDF for borehole drilling (recognized as income under drilling of boreholes)	0	4,595,694	4,595,694
Total trade and other payables	13,785,755.75	17,868,554	17,868,554

21. SUNDRY CREDITORS

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For the year ended June 30, 2021.**

		June 2020 Restated	/Audited
	Kshs	Kshs.	Kshs.
National Cereal Board	696,150	696,150	696,150
Roll fast Africa	47,480	47,480	47,480
MAH Engineering	170,314	170,314	170,314
Fore crest	4,297	4,297	4,297
Ministry of information	5,879,376	5,879,376	5,879,376
Lamu Port	116,341	116,341	116,341
Tseikuru airport	1,523	1,523	1,523
Mansa Guda	1,162,0000	1,162,0000	1,162,000
Ministry of special programmes	501,742	501,742	501,742
Total amount	8,579,233	8,579,233	8,579,233

Note:
IPSAS
requires
the

presentation of sundry creditors as current liabilities (short term liabilities and donot accrue interest on their outstanding balances).

22. FUND BALANCE

Description	1st July 2020 to 30th June 2021	1st July 2019 to 30th June 2020 Restated	1st July 2019 to 30th June 2020 Certified /Audited
	Kshs	Kshs.	Kshs.
Balance B/F	6,665,864,508	6,989,247,643	6,989,247,463
Add: Purchase of motor vehicle during the FY 2020/2021	17,790,585	90,844,448	90,844,448
Loss for the Year	-235,648,924	-322,416,707	-316,793,722
Prior year adjustment	-16,419,097	-91,850,876	-91,827,956
Closing Fund Balance after Adjustment	6,431,587,072	6,665,824,508	6,671,470,233