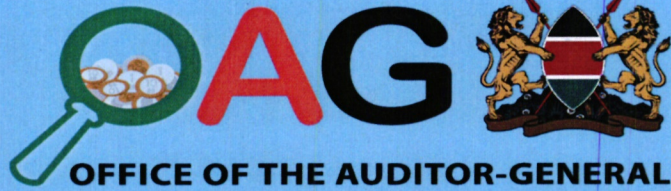


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	31/5/2023
TABLED BY	Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Chania.

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**LAMU COUNTY YOUTH
DEVELOPMENT FUND**

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



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE
22 DEC 2022
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P. O. BOX 88-70100 GARISSA

LAMU COUNTY YOUTH DEVELOPMENT FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022




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

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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3. Management Team

Name	Details of qualifications and experience
 <p>Mr. Joseph Nganga Kuria</p>	<p>Personal Details Date of birth: 24.12.1967 Academic: Doctor of Philosophy Professional: Sociologist Work experience: 15 years Fund Manager: Independent:</p>
 <p>Mr. Fadhil Maamun Ali Chief Officer- Finance</p>	<p>Date of birth: 09.04.1980 Academic: Masters of Arts in Project Administration Professional: Accountant Work experience: 10 years Member: Independent</p>
 <p>Mr. Ahmed Farah Olow</p>	<p>Date of birth: 02.12.1989 Academic: Bachelor of Commerce-Finance Option Professional: Accountant Work experience: 7 years Member: Independent</p>

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

4. Board/Fund Chairperson's Report

The Board met in Mpeketoni and vetted the Groups and the individuals that were to benefit from the first and the second phase allocation. It was decided that Groups were short listed to be awarded Kshs. 30,000 each. Those groups that missed on the first phase were automatically considered on the second phase disbursement as shown on the tables below.

1. Summary of the first disbursement for youth groups awarded per ward

WARD	APPLICANTS	BENEFICIARIES	BALANCE	AMOUNT
Kiunga	34	15	19	450,000
Faza	93	22	71	660,000
Basuba	10	11	0	330,000
Shella	5	5	0	150,000
Mkomani	95	23	72	690,000
Hindi	21	15	6	450,000
Mkunumbi	18	15	3	450,000
Bahari	28	18	10	540,000
Hongwe	12	12	0	360,000
Witu	33	18	15	540,000
TOTAL	349	154	199	4,620,000

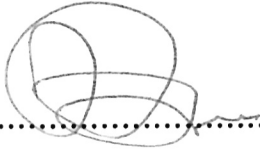
2. Summary of the Second disbursement for youth groups awarded per ward

WARD	BENEFICIARIES	BALANCE	AMOUNT
Kiunga	10	46	300,000
Faza	10	51	300,000
Basuba	0	0	
Shella	0	0	
Mkomani	10	63	300,000
Hindi	7	19	210,000
Mkunumbi	3	10	90,000
Bahari	10	58	300,000
Hongwe	0	0	
Witu	10	48	300,000
TOTAL	60		1,800,000

The Cheques were then distributed to the Groups throughout the County. The greatest challenge was having Cheques to be rewritten after it was discovered that most of the youth groups did not

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

have Bank Accounts. They were directed by the Board to open Bank accounts and submit the same to Board for further actions.



.....
Name: Bwanamkuu Fumo

Chairperson

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of The Fund Administrator

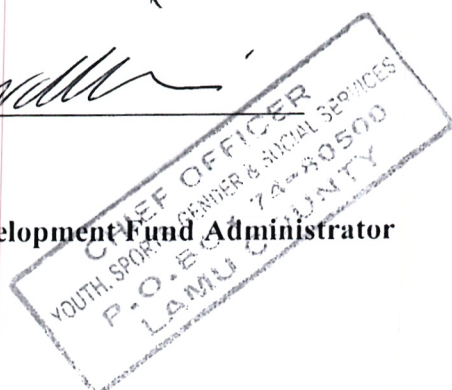
The department of Youth Affairs, Sports, Gender, and Social Services had advertised and invited all dully registered self-help groups to apply for Grants as from 1st of October 2020 to 1st November 2020.

The period was later extended by Board Members to the 16th of November when the applications were closed. The response was very positive and overwhelming as we received over 2279 Grants application overall. In the financial year of 2021/ 2022 the Board awarded 214 registered youth groups who were issued with cheques in the first and second disbursement. The total amount disbursed is Ksh. 6,420,000 countywide.

Signed: _____

Mr. Peter Ndichu

County Youth Development Fund Administrator



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

6. Statement of Performance Against the County Fund’s Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for 2017 -2022 are to:

- a) Providing access to capital and financial facilities to the medium and small enterprises.
- b) Providing access to capital and financial facilities to the youth groups and organizations;
- c) Spurring socio - economic development for the youth;
- d) Supporting small enterprises and groups to develop linkages with larger enterprises and national and international funding organizations;
- e) Marketing products of small and medium enterprises for the youth;
- f) Supporting entrepreneurship training for micro and medium enterprise to groups befitting from the Fund.
- g) Rehabilitating youths who are affected by HIV drug and substance abuse.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Lamu County Youth Development Fund	To economically empower the youth	Increased number of youth accessing Grants in the County	No of youth doing business and small micro-enterprises	In FY 21/22 we increased funding access by 30%

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

7. Corporate Governance Statement

The Lamu County Youth Development Act, 2018 established a Fund to be known as the Lamu County Youth Development Fund with an aim to:

- a) Providing access to capital and financial facilities to the medium and small enterprises;
- b) Providing access to capital and financial facilities to the youth groups and organizations;
- c) Spurring socio-economic development for the youth;
- d) Supporting small enterprises and groups to develop linkages with larger enterprises and national and international funding organizations;
- e) Marketing products of small and medium enterprises for the youth;
- f) Supporting entrepreneurship training for micro and medium enterprise to groups benefitting from the Fund.
- g) Rehabilitating youths who are affected by HIV drug and substance abuse.

The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya

FUND MEETINGS

The Board members are to meet at least three times a year in order to monitor the implementation of the funds strategic plan and achievement of the targets. However, as provided by the act the Chairman shall, upon requisition by members convene a special meeting of the board at any time. The members held Six board meetings during the Financial year 2021/2022.

RISK MANAGEMENT

The Fund target to develop a risk management framework which will guide the fund in identifying, assessing and managing the risks and prescribe mitigating measures of all the risks both external and internal is facing the fund.

9. Environmental and Sustainability Reporting

Lamu County Youth Development Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. The Fund was not involved in any corporate social responsibility activities in financial year 2021/2022.

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

10. Report of Fund Committee

The Fund committee submits their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The purpose of the Fund is to promote gender mainstreaming in all development aspects of Lamu County.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1-7

Fund Key Management

The members of the fund who served during the year are shown on page v-vii

Auditors

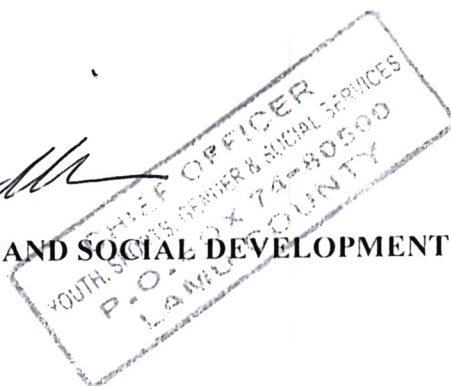
The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015.

By Order of the fund

Date: _____

Mr. Peter Ndichu

LAMU COUNTY GENDER AND SOCIAL DEVELOPMENT FUND.



11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Lamu County Youth Development Fund is responsible for the preparation and presentation of the 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 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 Fund; (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 Administrator of the Lamu County Youth Development Fund accepts responsibility for the 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 Administrator of the Fund is 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 Administrator further confirm the

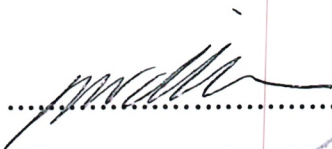
Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

completeness of the accounting records maintained for the 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.

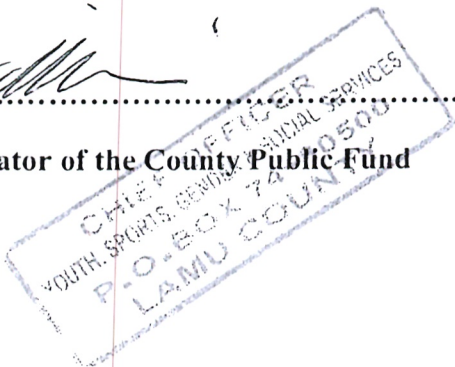
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 2022
and signed on its behalf by:


.....

Administrator of the County Public Fund



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 LAMU COUNTY YOUTH 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 Lamu County Youth Development Fund set out on pages 1 to 36, which comprise of the statement of

financial position as 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 the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Lamu County Youth 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 and the Lamu County Youth Development Act, 2018.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of changes in net assets for the year ended 30 June, 2022 reflects a deficit of Kshs.5,325,298 while the statement of financial performance reflects a deficit of Kshs.3,325,298 resulting in unexplained variance of Kshs.2,000,000.

In the circumstances, the accuracy and completeness of financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lamu County Youth 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.

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

During the year under review, the Fund approved revenue budget was Kshs.8,507,364. However, actual expenditure amounted to Kshs.5,325,298 or 63% of the total approved budget resulting to a budget under-absorption of Kshs.3,182,066 or 37%.

The under absorption affected the planned activities and may have impacted negatively on service delivery to the residents of Lamu County.

2. Late Disbursement of Funds

Review of financial records revealed that the Fund received an amount of Kshs.2,000,000 on 12 May, 2022 which was about one and half months to the closure of the financial year. This may have affected the disbursement of funds to the groups due to the short timeframe before the closure of the financial year.

In the circumstances, delay in disbursements of funds could have affected the status of project implementation and residents of Lamu may have been denied the benefits that would accrue from the planned activities.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Presentation Issues in the Financial Statements

Review of the financial statements presented for audit revealed the following anomalies:

- i. The tables in the notes to the financial statements section of the financial statements were blank and some information was reflected as 'xx';
- ii. The date of approval of the financial statements was not indicated in the statement of financial performance, statement of financial position and the statements of cash flows. In addition, the report of the trustees was not dated and
- iii. The Chief Officer Finance has not indicated his ICPAK Membership Number.

In the circumstances, the financial statements did not comply with Financial Reporting Template for County public funds (Revised June, 2022) issued by the Public Sector Accounting Standards Board.

2. Incomplete Board Composition

Review of Board information revealed that the Fund had five (5) Board members instead of nine (9) contrary to Section 11(1) of the Lamu County Youth Development Act, 2018 which provides that a Board be established known as the Lamu County Youth Development Board which consists of the chairperson, the secretary, the treasurer, three women from each Sub-County representing women groups, two people a male and a female appointed by the County Executive Committee Member in charge of the department and approved by the Governor, and the Director in charge of youth affairs. In the circumstances, the Management was in breach of the law.

3. Failure to Conduct Monitoring and Evaluation

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.5,040,000 disbursed to various Youth self-help groups. Management did not provide evidence that monitoring and evaluation exercise was carried out to confirm that the monies disbursed were spent for the intended purpose. This was contrary to Section 14 of Lamu County Youth Development Act, 2018 on monitoring and evaluation that provides that the Board members shall visit benefitting Groups/Individuals regularly to monitor progress.

In the circumstances, Management was in breach of the law.

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, 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 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 the Management and the Fund Administration Committee

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 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 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.

The Fund Administration Committee is responsible for overseeing 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 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 Fund's 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 ability of the Fund 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 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

31 March, 2023

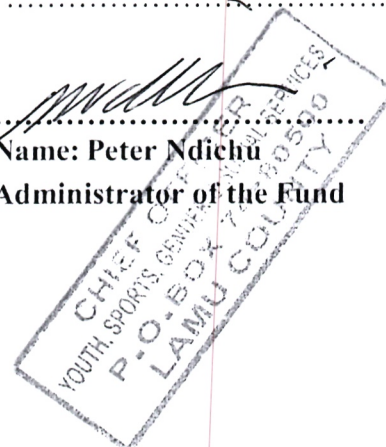
**Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022**


13. Statement of Financial Performance For The Year Ended 30th June 2022

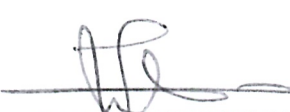
	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	2,000,000	2,000,000
Fines, Penalties and Other Levies	3	-	-
		2,000,000	2,000,000
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		2,000,000	2,000,000
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	5,325,298	487,137
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		5,325,298	487,137
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		(3,325,298)	1,512,863

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on2022 and signed by:


Name: Peter Ndichu
Administrator of the Fund


CHIEF OFFICER
YOUTH SPORTS SERVICES
P.O. BOX 720050
LAMU COUNTY


Name: Fadhil Maamun
Chief Officer Finance
ICPAK Member Number:


Name: Ahmed Farah
Fund Accountant


Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

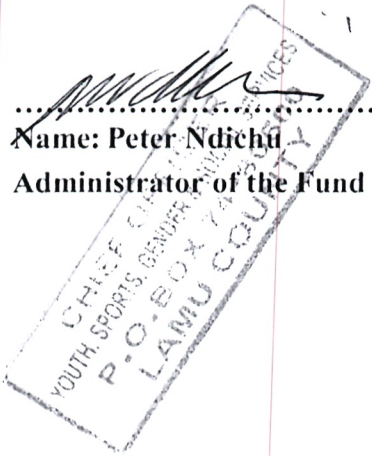
14. Statement of Financial Position As At 30 June 2022

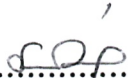
	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	3,182,066	4,512,863
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	2,000,000
Prepayments	13	-	-
Inventories	14	-	-
		-	-
Non-Current Assets		3,182,066	6,512,863
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	-	-
Total Assets			
		-	-
Liabilities		3,182,066	6,512,863
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Liabilities			
		-	-
Net Assets		3,182,066	6,512,863
Grant Fund- Youth		6,507,364	5,000,000
Reserves		-	-
Accumulated Surplus		(3,325,298)	1,507,364
Total Net Assets and Liabilities		3,182,066	6,507,364

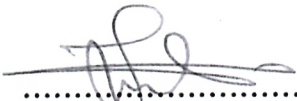
Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on2022 and signed by:


.....
Name: Peter Ndichu
Administrator of the Fund





.....
Name: Fadhil Maamun
Chief Officer Finance
ICPAK Member Number:

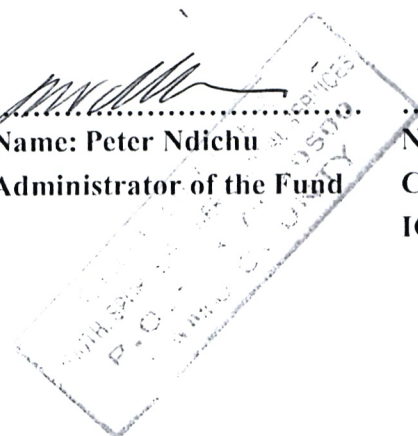

.....
Name: Ahmed Farah
Fund Accountant

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

15. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Grant Fund- Youth	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	5,000,000	-	-	5,000,000
Surplus/(Deficit) For the Period	-	-	(492,364)	(492,364)
Funds Received During the Year	2,000,000	-	-	2,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	7,000,000	-	(492,364)	6,507,636
Balance As At 1 July 2021	7,000,000	-	(492,364)	6,507,636
Surplus/(Deficit) For the Period	-	-	(5,325,298)	(5,325,298)
Funds Received During the Year	2,000,000	-	-	2,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	9,000,000	-	(5,817,662)	3,182,338


 Name: Peter Ndichu
 Administrator of the Fund




 Name: Fadhil Maamun
 Chief Officer Finance
 ICPAK Member Number:


 Name: Ahmed Farah
 Fund Accountant


Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

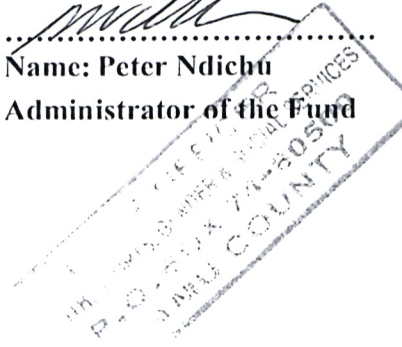
16. Statement Of Cash Flows For The Year Ended 30 June 2022


	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		2,000,000	2,000,000
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		2,000,000	2,000,000
Payments			
Fund administration expenses		285,298	487,137
General expenses		-	-
Finance cost		-	-
Grant Disbursement		5,040,000	-
Total Payments		5,325,298	487,137
Net cash flows from operating activities	21	(3,325,298)	1,512,863
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(3,325,298)	1,512,863
Cash and cash equivalents at 1 July	11	6,507,364	5,000,000
Cash and cash equivalents at 30 june	11	3,182,066	6,507,364

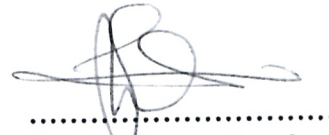
Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 2022 and signed by:


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Name: Peter Ndichu
Administrator of the Fund




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Name: Fadhil Maamun
Chief Officer Finance
ICPAK Member Number:


.....
Name: Ahmed Farah
Fund Accountant

Lamu County Youth 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 Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	2,000,000	6,507,364	8,507,364	8,507,364	-	
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	-	-	-	-	-	
Expenses	2,000,000	6,507,364	8,507,364	8,507,364	-	
Fund Administration Expenses	1,980,000	-	1,980,000	273,567	1,706,433	86.18%
Bank Charges	20,000	-	20,000.00	11,731	8,269	41.35%
Grant Disbursement	-	6,507,364	6,507,364	5,040,000	1,467,364	22.55%
Finance cost	-	-	-	-	-	-
Total Expenditure	2,000,000	6,507,364	8,507,364	5,325,298	3,182,066	37.40%
Surplus For The Period	-	-	-	3,182,066		

Budget notes

There was additional budget amounting to ksh.2, 000,000 in the financial year 2021/2022

The Funds were made available almost towards the end of the Financial Year and it would have been impossible to go through the process of applications, vetting and disbursement in time. However, our rate of absorption for the funds that came in time was good. We will strive to kickstart all the processes in good time to ensure that all the funds are disbursed in time.

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

1. General Information

Lamu County Youth Development Fund is established by and derives its authority and accountability from Lamu County Youth Development Fund Act on 2018. The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya. The Fund's principal activity is to provide funds for economic empowerment

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for 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

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

Standard	Effective date and impact:
	<p>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>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> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the</p>

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	<p>components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <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>
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>
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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present</p>

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on the FY 2021-2022 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition 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.

d) 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.

a) Financial instruments

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.

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 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 or a entity of financial assets is impaired. A financial asset or a entity of financial assets 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 a 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)

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.

b) Inventories

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

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

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

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

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

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

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

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) 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.

h) Borrowing costs

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

i) Related parties

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

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The Fund is a County Public Fund established by Lamu County Youth Development Act 2018 under the Ministry of Education. Its ultimate parent is the County Government of Lamu.

n) Currency

The financial statements are presented in Kenya Shillings (Kshs).

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.

State all judgements, estimates and assumptions made e.g.

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

b) Useful lives and residual values

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued
11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	3,182,066	6,512,863
Others	-	-
Total Cash And Cash Equivalents	3,182,066	6,512,863

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
Cooperative Bank			
c) Current Account			
Cooperative Bank	01141562517800	3,182,066	6,512,863
Bank B		-	-
Sub- Total		-	-
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		3,182,066	6,512,863

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

Lamu County Youth Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Lamu County Youth Development Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

Lamu County Youth Development Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

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20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(3,325,298)	1,471,265
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(3,325,298)	1,471,265

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Other Disclosures

22. Related party balances

a) 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. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-

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Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Xxx Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

24. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange	-	-	-	-

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Transactions				
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-

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Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-

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Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	6,507,364	5,000,000
Accumulated surplus	(3,325,298)	1,507,364
Total funds	3,182,066	6,507,364
Total borrowings	-	-
Less: cash and bank balances	(3,182,066)	(6,507,364)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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18. Progress On Follow Up of Prior Year Auditor's 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Errors in the Annual Reports and Financial Statements	Action has been taken	Resolved	30/06/2022
1.0	Failure to Fund the Youth Development Fund	Action has been taken	Resolved	30/06/2022
1.0	Idle Cash Balances	Action has been taken	Resolved	30/06/2022
1.0	Lack of a Risk Management Policy	The fund to develop Risk Management Policy	Not Resolved	30/06/2023