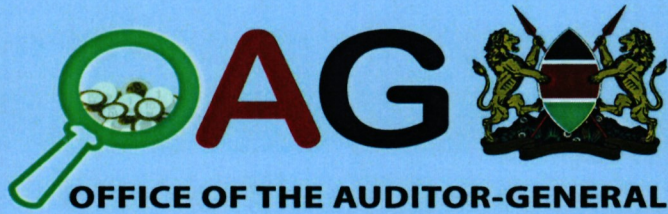


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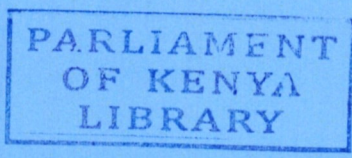
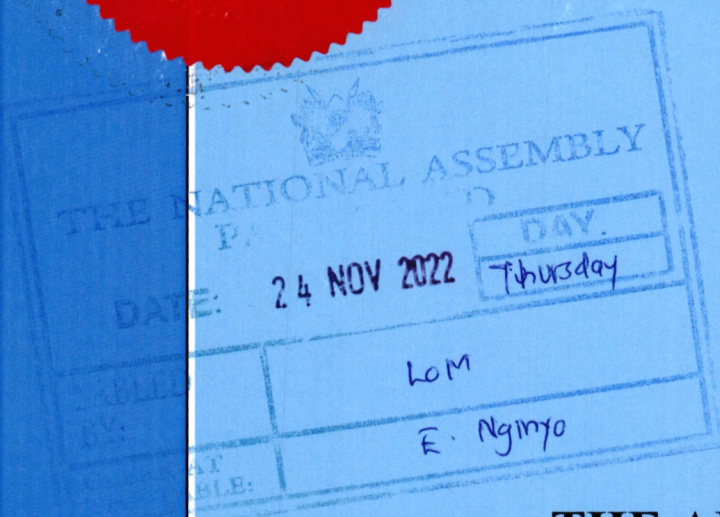
OF

THE AUDITOR-GENERAL

ON

**YOUTH ENTERPRISE DEVELOPMENT
FUND**

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





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)**

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	iii
2. THE BOARD OF DIRECTORS	ix
3. MANAGEMENT TEAM	xii
4. CHAIRMAN’S STATEMENT	xiii
5. REPORT OF THE CHIEF EXECUTIVE OFFICER	xiv
6. STATEMENT OF YOUTH ENTERPRISE DEVELOPEMNT FUND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021	xv
7. CORPORATE GOVERNANCE STATEMENT	xvii
8. MANAGEMENT DISCUSSION AND ANALYSIS	xviii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xix
10. REPORT OF THE OF DIRECTORS	xxv
11. STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	xxvi
12. REPORT OF THE INDEPENDENT AUDITORS ON THE YOUTH ENTERPRISE DEVELOPMENT FUND.	xxvii
13. STATEMENT OF FINANCIAL PERFORMANCE.....	1
14. STATEMENT OF FINANCIAL POSITION.....	2
15. STATEMENT OF CHANGES IN NET ASSETS	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021.....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
18. NOTES TO THE FINANCIAL STATEMENTS	8
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	26
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	28
APPENDIX III: INTER ENTITY TRANSFERS.....	29
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	30

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

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

b) Principal Activities

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

The Fund was established in order to;

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

Our Vision

Economically empowered Kenyan youth running sustainable enterprises.

Our Mission

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

Our Core Values

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

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

- v. **Integrity and accountability:** The Fund will observe high moral and ethical standards as well as transparency in service provision.

(c) Key Management

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

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

Name of the Staff	Designation
Mr. Benson Muthendi	Ag. Chief Executive Officer
Ms. Judy Kimeto	Lending & Investment Manager
Mr. Benedict Atavachi	Finance Manager
Mr. Ibrahim Musani	Ag. Senior Internal Auditor
Ms. Truphenah Omung'ala	Human Resource Manager
Ms. Felistas Orandi	Ag. Public Relations Manager
Ms. Maurine Bosire	Ag. Supply Chain Manager Officer
Mr. Patrick Odanga	Legal Assistant
Mr. Morris Ondiek	Enterprise Development Officer
Mr. Josephat Maende	Administration Officer
Mr. Joseph Alumasa	Information & Communication Technology officer
Ms Isabella Kathambi	Monitoring & Evaluation officer
Mr. Samuel Njue	Ag Credit Manager
Mr. Morris Murimi	Ag. Marketing & Linkages officer
Mr. Robert Mrima	Senior Accountant

(e) Fiduciary Oversight Arrangements

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

- Operations and Strategy Committee
- Finance Committee
- Audit, Risk and Compliance Committee
- Human Resource and Administration Committee

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

Operations and Strategy Committee

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

- i. Development, review and implementation of the Fund's Strategic Plan;
- ii. Alignment of strategy to the national development goals and sector performance standards;
- iii. Development and/or review and implementation of the Fund's Resource Mobilization and sustainability strategies;
- iv. The establishment of strategic partnerships and collaborations;
- v. The performance contracting process;
- vi. Development/review of loan products;
- vii. Reviewing and recommendation of loans above the Executive Committee threshold and loans to financial intermediaries;
- viii. Review and implementation of the Credit Policy, Commercial Infrastructure Policy, Enterprise Development Policy, Market support and Linkages Policy and related policies;
- ix. Oversee performance and identify areas of improvement in:
 - Credit, Recovery and Risk function;
 - Commercial Infrastructure programme;
 - Market Support and Linkages programme; and
 - Capacity Building and Enterprise Development.
- x. Undertake any other business as directed by the Board or relevant to the mandate of the Committee.

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

- Dr. Grace Wambui Kibuku - Chairperson
- Mr. Raymond Ochieng
- Dr. Susan Njoki Mambo
- Mr. Amos Mogeni Isoe
- Mr. Benson Muthendi – Secretary

Finance Committee

The Finance Committee is responsible for the Finance and procurement functions of the Fund. The terms of Reference include;

- i. Preparation and implementation of the Fund's annual budget
- ii. Preparation and submission of the Fund's financial statements within timelines as stipulated by law and Government policies

Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021

- iii. Preparation, monitoring and presentation of internal YEDF fund documents including, but not limited to:
 - Cash flow statements
 - Creditors & debtors reports
 - Quarterly Profit & Loss statements
 - Financial statements on product performance
- iv. Address any other Finance related matter incidental thereof.
- v. Preparation of the Fund's procurement plans, its alignment with approved budget and implementation;
- vi. Maintaining of the Fund's assets inventory and disposal of assets and other administration matters as may arise from time to time;

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

- Mr. Amos Mogeni Isoe - Chairman
- Mr. Roy Telewa Sasaka
- Mr. Samwel Kumba
- Mr. Raymond Ochieng
- Mr. David Wambete
- Mr. Benson Muthendi - Secretary

Audit, Risk and Compliance Committee

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

- i. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- ii. Provide an independent review of an entity's reporting functions to ensure the integrity of financial reports.
- iii. Monitor the effectiveness of the Fund's performance management and performance information.
- iv. Provide strong and effective oversight of the Fund's internal audit function.
- v. Provide effective liaison and facilitate communication between management and external audit.
- vi. Provide oversight of the implementation of accepted audit recommendations.
- vii. Ensure that YEDF effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

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

- Dr. Susan Njoki Mambo - Chairperson
- Mr. Roy Telewa Sasaka
- Hon. Catherine Kasimu Munanyi'e
- Mr. Raymond Ochieng
- Mr. David Wambete
- Mr. Ibrahim Musani – Secretary – wef 01/02/2021

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

Human Resource and Administration Committee

The terms of reference are as hereunder:

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

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

- Hon. Catherine Kasimu Munanyi'e - Chairperson
- Dr. Grace Wambui Kibuku
- Mr. Roy Telewa Sasaka
- Mr. Samwel Kumba
- Mr. Benson Muthendi – Secretary

(f) Corporate Headquarters

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

(g) Contacts

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

(h) Bankers

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS



CHAIRMAN: Dr. Eng. Victor M. Mwongera, PhD, PE. Date of Birth – 12th May 1986. He is a non-executive Director who holds a PhD in Aerospace Engineering and Masters in Aerospace Engineering, both from University of Bristol, UK. He is an Aerospace Engineer in the field of unmanned aerial vehicles (Drones). He is currently working at Kenyatta University as a lecturer and Coordinator for the newly christened Aerospace Engineering Programme within the School of Engineering where he mentors youth from various backgrounds. He has also previously worked with University of Bristol as research collaborator and teaching support assistant, Rolls-Royce PLC as an undergraduate engineer and Centum Investments as an investment analyst intern.



Hon. Catherine M. Kasimu. Date of Birth – 1971. She holds a Bachelor of Public Administration and a Diploma in County Governance and Leadership, both from the KCA University. She has over 17 years' experience in Public Service Administration at both National and County government levels. She served as a nominated Member of County Assembly, Kitui, between 2013 and 2017. She has previously worked with the then Ministry of Public Works and Housing and is currently in private business.

Hon. Kasimu is an independent non- executive Director and chairs the Human Resource and Administration Board committee.



Dr. Grace Wambui Kibuku. Date of Birth – 7th October 1962. She holds a Bachelor of Arts in Political Science with a focus on International Relations and Diplomacy. She has a Diploma in Information Technology and a certificate in Governance and leadership. She is also a certified professional mediator. Dr. Kibuku has received various accolades including the Devolution Community Awards 2016; Giraffe Heroes Awards 2014; Global Environmental Peace Awards 2010 and the Rotary International District 9200 Humanitarian award and Disaster Management Kenya in 2007-2008. Dr. Kibuku is currently the Managing Director of Green Deserts Global. She is also a Professional Supreme Court annexed mediator, an Agripreneur and a member of the Nakuru Business Association.

Dr. Kibuku is an independent and non-executive Director who chairs the Operations and Strategy Board Committee

Photo

Dr. Joseph Birundu Mogendi. Date of Birth – 21st September 1982. He holds a PhD in Agriculture, Nutrition and Health from the University of Ghent, Belgium, a Master's Degree in Public Administration from the University of Nairobi and a Bachelors in Food Science and Nutrition from the Jomo Kenyatta University of Agriculture and Technology (JKUAT). Dr. Birundu has obtained vast work experience in both the public and private sector. He has previously worked at the African Population and Health Research Center, GAIN-UN, Bidco Oil Refineries, UNICEF Somalia, and Ministry of Health, among others.



Ms. Ednah Atisa. Date of Birth – 23rd September 1977. She holds a Master of Arts in Economics, Bachelor of Arts (Economics), Post Graduate Diploma in Education and Certificate in personal Management. She has attended trainings in Performance Management in the Public Sector, Strategic Leadership Development, Policy Formulation in the Public Sector and Investment Analysis and Planning. Ms. Atisa is currently a Chief Investment Officer at the National Treasury. She has previously served as an Economist at the same Ministry and as an Assistant Register at the University of Nairobi. She has also served on the boards of Anti FGM Board, National Research Fund, technical University of Kenya, South Eastern Kenya University and Kenya Water Towers Agency



Mr. Amos Mogeni Isoe. Date of Birth – 14th May 1988. He holds a Bachelor of Commerce degree in Finance and a Diploma in Business Administration, both from the KCA University. He is currently pursuing his Certified Public Accountants studies and is an entrepreneur. He has previously worked as a Business Assistant at the Titans Business limited and a Direct Sales Representative at I &M Bank.

Mr. Isoe is an independent non-executive Director who chairs Finance Board Committee



Dr. Susan Mambo. Date of Birth - 27th October 1982. She holds a PhD in Health Systems Management, a Master of Public Health and a Bachelor of Science in Environmental Health. She is a professional in grant writing and has completed various courses in senior management, Food Quality Standards and Regulations, Master internship training, Statistical Package for Data Analysis and Bio Safety Risk Assessment. Dr. Mambo is currently the Head of Department, Environmental Health and Disease Control at the Jomo Kenyatta University of Agriculture and Technology. She has previously worked as an Assistant Lecturer, a full time lecturer in the faculty of Public Health, and is a faculty Member at Jomo Kenyatta University of Agriculture and Technology (JKUAT).

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

Dr. Mambo is an independent non-executive Director who chairs, the Board Audit, Risk and Compliance Committee.



Mr. Samuel K. Kumba. Date of Birth – 19th February 1980. He holds a Master of Public Administration and a Bachelor of Arts in Communication and Media Technology. He has attended trainings in Senior Management, Strategic Leadership Development, Economic and Financial Reporting, Good Governance, Covering Elections, Management of Meetings and Minutes Writing, Quality Management Systems, Implementation of ISO 9001:2008, Fire Marshal and Emergency First Aid and Training and Standard Awareness (ISO 9001:2000). He is currently the Director Corporate Communications at the Kenya School of Government. He has previously worked as a Senior Writer at the Nation Media Group, A Business Writer for the Financial Post; A Reporter at the Kenya Times Media Trust and a Television Producer of Sauti

Ya Rehema Television and Radio.

Mr. Kumba is an independent non-executive Director.



Mr. Roy Sasaka. Date of Birth – 10th October 1987. He is the Chief Executive Officer of the National Youth Council (NYC), a state corporation with official mandate for advisory, research and policy institution on youth affairs in the country. Prior to his appointment, Mr. Sasaka served as the Head of Procurement at the Kenya Deposit Insurance Corporation (KDIC) and as the Deputy Head of Procurement at the Competition Authority of Kenya (CAK), among other public and private sector institutions. Roy holds an MBA in Operations Management, a Bachelor of Arts in Communication and Political Science as well as a Bachelor of Commerce in Procurement and Supply Chain Management, all from the University of Nairobi. He is currently pursuing a PhD with a focus on Operations Optimization from the same institution.



Mr. Raymond O Ouma: Date of Birth September 23rd September, 1983; He is currently pursuing PhD in Development Studies. He holds a Master of Arts in Sociology and Community Development and a Bachelor of Arts in Theology.

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**



Mr. Wambete holds a Masters’ degree in Economic Policy Management from Makerere University (Uganda), and a Bachelors’ degree in Economics from Moi University. He also has a Certificate in Project Appraisal and Risk Management from Duke Centre for International Development (USA). He previously worked as a District Development Officer where he was responsible for the District’s overall development planning. Specifically, he oversaw programmes and projects implementation in areas such as Constituency development (under the Constituency Development Fund), poverty eradication (under the Poverty Eradication Commission), Millenium Development Goals, and HIV/AIDS management among others. Mr. Wambete has undertaken numerous short professional courses within and outside the Country. The courses attended include: Policy, programmes and project management; Results based monitoring and evaluation; Transboundary resources management; Quality management systems; Performance management; Urban planning for developing countries; and Senior management course. Mr. Wambete is currently a Principal Finance Officer in the National Treasury. He is pursuing a course in accounting.

Mr. Benson Muthendi. Date of Birth – 1st May, 1969



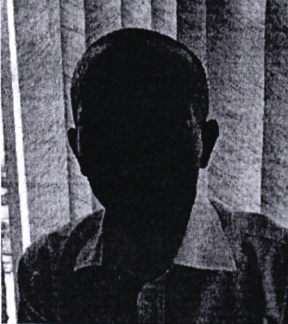




Mr. Muthendi helped found the Youth Enterprise Development Fund in 2007. He has extensive experience in youth development, community education and outreach. He holds a Bachelors of Education degree from Moi University, Diplomas in Public Relations and Management, and a certificate in Communication and Learning Technologies from Aharon Ofri, Israel. He is currently finalizing a Master’s degree in Rural Sociology and Community Development. He has been head of the Communication and Training section at the Kenya Institute of Education where he also worked as a radio and TV programmes script writer and producer. He served as the communication and community mobilization officer for GOK/UNICEF ILFE project in Northern Kenya.

3. MANAGEMENT TEAM

	<p>Mr. Benson Muthendi Ag.Chief Executive Officer B.Ed(Hons) in Arts, Diploma in Public Relations Mgt., Diploma in Management, Certificate in Communication Technologies, Finalizing M.A in sociology & community Development</p>		<p>Ms. Truphena Omung’ala Human Resources Manager B.COM, Masters in Commerce (Business Administration) Diploma in Human Resource Mgt., Diploma in Labour Market, currently pursuing CPS and Advanced Diploma in Psychology.</p>
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**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

	 <p>Ms. Judy Kimeto Lending & Investment Manager Bachelor's degree in Business Administration, MBA; currently pursuing professional courses in Finance and Accounts</p> <p>Date of Birth- 1979</p>
 <p>CPA Benedict Atavachi</p> <p>Finance Manager MBA (Finance), B.Com (Accounting) Certified Public Accountant CPA (K)</p>	 <p>CPA Ibrahim Musani, Internal Auditor CPA (K), B.Com</p>
 <p>Ms. Maurine Bosire Ag Supply Chain Officer B.Com (Supply Chain), Member KISM</p>	 <p>Felistas M. Orandi Ag. Public Relations Manager B. Arts (Public Relations)</p>

4. CHAIRMAN'S STATEMENT

The Youth Enterprise Development Fund (YEDF) is one of the strategies launched by the Government of Kenya in the year 2006 to address the challenge of youth unemployment in the Country. The YEDF is mandated to offer affordable financial and business development support services to youth keen on engaging in entrepreneurship as a career path and a means to earn a living. The fund seeks to turn youth into job creators and not job seekers.

To date, the fund has **supported over 2 million** youth with loans worth Shs. **14.1 billion**. This has been achieved by revolving the **Shs.4.5 billion** from the National Treasury. The loan repayment rate is at eighty percent (80%). At least **700,000** youth have been supported with business development services.

During the period under review, the YEDF ensured that its operations were aligned to the government's priority areas such as the Big 4 Agenda, Vision 2030 and the Kenya Youth Development Policy 2019.

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

This is because the priorities present great opportunities for youth economic empowerment. To ensure their full participation, the fund carried out outreach and sensitizations activities as well as reengineered its loan products to meet their entrepreneurial needs.

The Country's economic growth was greatly disrupted by the Covid-19 pandemic largely due to the measures undertaken to slow down the spread. The business community and the young entrepreneurs in particular were the hardest hit. During the year under review, the fund implemented measures to cushion Youth owned enterprises against the effects of the pandemic. The measures included giving moratorium on loan repayments, temporary suspension of the listing with CRB as well as providing financial literacy services and support. The Fund disbursed a total of **Ksh. 715 million** in loans since the first case of COVID-19 was reported in Kenya. These loans went a long way to sustain youth owned enterprises, thereby enabling them to diversify into new opportunities, and to maintain employees.

The YEDF is in the second year of implementing its 3rd cycle strategic plan covering the period 2020-24. The blue print outlines four key result areas that will keep us focused on our future directions and guide our day to day work. To deliver on this critical areas the strategy ensures efficient and effective service delivery through a strengthened institutional capacity and operations. This strategy seeks to expand and adopt diverse cost effective revenue streams through collaborations and strategic partnerships so as to ensure that the fund remains sustainable and reduce dependency on the exchequer.

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Youth Enterprise Development Fund (YEDF) strategic focus is economic empowerment and creation of job opportunities for the youth of Kenya through enterprise development and facilitating credit access through provision of affordable business loans.

Our focus, during the year under review, was to increase loan uptake among youth entrepreneurs and to provide them with business support services to enhance sustainability of their businesses. The Fund disbursed a total of **Shs. 580.7M** against a target of **Shs.575M**. At least **87,944** benefited from our business support services against a target of **85,850**. This was achieved despite the negative impact of Covid -19 pandemic on youth owned businesses.

One of the major challenges that affected optimal delivery of our services during this period was inadequate financing from the exchequer. The fund received an income of **Kshs. 299,290,000** for the recurrent vote and **Kshs. 30,000,000** for the development vote. The loan recovery target of **Kshs. 520M** was not met. This was because the Covid-19 crisis affected the ability of our beneficiaries to repay their loans. Most of their operations were affected by the measures undertaken to curb the spread of the virus. The fund has put in place strategies to increase the amounts of loan recovered in the next financial year.

To enhance service delivery, the fund entered into partnerships with various institutions aimed at mobilizing resources. The Fund partnered with the National Employment Authority (NEA) and other stakeholders to offer training to youth travelling to take up job opportunities outside the country at a small fee. The fund also partnered with the United Nations Development Programme (UNDP) to train youth in marginalized counties on entrepreneurship and how to access credit to start and expand businesses for self-economic growth. The youth trained were from Baringo, Turkana, Marsabit, Wajir and Tanariver counties.

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

To effectively deliver on its mandate, we endeavour to actively engage all our stakeholders from both the public and private sectors. Their support and leverage will go a long way in shaping the youth to create the much needed impact that will spur economic growth of our country.

**6. STATEMENT OF YOUTH ENTERPRISE DEVELOPEMNT FUND PERFORMANCE
AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

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

Pillar 1: Affordable Credit

Pillar 2: Business Development Services

Pillar 3: Resource Mobilization

Pillar 4: Strengthening Strategic Operations

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

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

The Board develops its annual work plans based on the above strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis through the performance contracting targets progress reports. The Fund performance targets as set out for the FY 2020/2021 period for its four strategic pillars are as indicated in the diagram below:

Strategic Pillar	Objective(s)	Key Performance Indicator(s)	Activities	Achievements
Affordable Credit	To Grow the revolving fund kitty	Amount of loans recovered/repaid back to the revolving fund	Enhanced loan recovery efforts	Recovered Ksh.273.7 Million of loans disbursed
	To increase loan uptake	Amount of loans disbursed to youth entrepreneurs	Loan disbursements to youth owned enterprises	Disbursed Ksh.580.7 Million to youth enterprises
	To facilitate establishment	Number of youth sensitized and	Undertake entrepreneurship	Sensitized and trained 82,560 youth

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

Business Development Services	and sustainability of youth owned enterprises	trained in entrepreneurship skills	trainings and sensitizations across the country	in entrepreneurship skills
		Number of youth enrolled and mentored in a business mentorship program	Enrol and mentor youth in a business mentorship program	Enrolled and mentored 2,656 youth in a business mentorship program
		Number of youth facilitated/supported to access market for their products	Support/facilitate youth to market their products locally/internationally through for example market exhibitions, trade fairs, ASK Shows	Facilitated 1,250 youth to access market for their products
	To promote youth-owned business innovations	Number of youth supported to access business innovation and incubation facilities	Facilitate and support youth to access business innovation and incubation facilities through partnerships and collaborations with business innovation/incubation hubs	Supported 1,222 youth to access business innovation and incubation services
Resource Mobilization	To expand and adopt diverse, cost effective revenue streams	Number of MOUs signed/Strategic Partnerships/Collaboration	Source and engage strategic development partners and collaborations to mobilize/raise funds in-cash or in-kind to fill resource gaps at the Fund	The Fund partnered with the National Employment Authority (NEA) to offer Home Care training to youth taking up domestic jobs abroad at a small fee. In addition 3 strategic partners were brought on board.
		Amount mobilized/raised from resource mobilization initiatives	Lobby and mobilize funds in-cash or in-kind from strategic development partners and collaborations	The Fund raised Ksh.67.2 Million through various sources
Strengthening Strategic Operations	To strengthen the Fund's institutional capacity and	Status of the Enterprise Resource Planning (ERP) installation	Complete Phase II of the ERP installation	Phase II of the ERP installation project was initiated and at

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

operational efficiency in service delivery			its final stage of completion
	Number of staff trained to build capacity and enhance competence	Undertake a staff training needs assessment	Staff Training Needs Assessment was undertaken
		Develop a staff training program/calendar	Staff Training program/calendar was developed
		Facilitate training for the identified staff	Trained 38 staff to build capacity and enhance competence
	Absorption capacity of allocated funds	Monitor and ensure compliance of PFM Act 2012	Attained 100% absorption capacity of allocated funds
	Development of a risk mitigation framework	Undertake development of a risk mitigation framework	Developed a risk mitigation framework
	Development of YEDF Strategic Plan 2020 – 2024	Initiate development of the Fund’s Strategic Plan 2020 – 2024 through seeking relevant approvals	The Fund’s Strategic Plan 2020 – 2024 was finalized and launched in February 2021 in a ceremony graced by His Excellency the President.
		Stakeholder validation of the Draft Strategic Plan	
		Launch and dissemination of the Strategic Plan 2020 - 2024	

7. CORPORATE GOVERNANCE STATEMENT

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

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

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

i)	Full Board Meetings	-	11
ii)	Board Committee meetings	-	19

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

Board members performance is evaluated annually in accordance with the State Corporations Advisory Committee's calendar year. This is meant to measure the Board's capacity to execute its mandate while advising and or recommending corrective measures where the same is desirable. During Board meetings, members are required to declare any conflict of interest they may have over any of the agendas to be deliberated; this is then captured and/or recorded in the minutes and the declarations of interest book.

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

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Fund experienced marked improvement in financial performance largely buoyed by prudent financial management with a 74% rise in financial performance compared to prior year. Revenues from exchange transactions reduced by 1% due to the need to put on hold the homecare trainings that were affected by the restriction of international travels due to the COVID 19 pandemic. The expenses over a similar period last year reduced by 8.6%. The total assets did not increase by a large margin but was on the upward trend with the Fund's Liquidity dropping compared to prior year.

This is expected to be sustained in the intervening years as the Fund capitalises on the investment in information communication technology which project is expected to be finalised in the next financial year. The project is expected to boost the Fund's operational efficiency across the board. Furthermore, the management is cognisant of the fact that the Fund's financial performance is on the deficit and its turnaround strategy seems to bear fruits. The Fund has met its statutory obligations in entirety and does not anticipate any cash outflows resulting from non-compliance. The Fund trained 63,813 youth on entrepreneurship skills and access to Government procurement Opportunities (AGPO). Armed with such key skills, the Fund is hopeful that credit advanced will turn out to be a success in terms of successful businesses.

Cognisant of credit as the lifeline of business, the Fund advanced a total of Kes 580M in loans and recovered a total of Kes 273M with most of the youth businesses struggling due to the Covid 19 pandemic. The fund registered marked success in supporting youth to market locally produced

goods and services, development of strategic plan, access to technical knowhow and working space. Whereas the Fund did not achieve set targets in most mandate areas, it prides itself in having a better performance compared to prior year across all mandate areas.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Youth Enterprise Development Fund (YEDF) recognizes environmental protection as one of its guiding principles and a key component of sound business performance. The YEDF is dedicated to the practice of sound environmental stewardship and promotion of health, safety and well-being of its employees. The Fund operates in compliance with environmental laws as stipulated by the government of Kenya and strives to use best environmental practices in all that we do. These practices initiate from the top management and are emphasized through all levels of responsibility within the organization.

i) Sustainability strategy and profile

This YEDF has developed its Environmental Policy that aims to provide a holistic framework to guide and ensure environmental sustainability in the course of discharging its mandate. In its development, the fund sought input from its board members, employees, suppliers and the youth who form its primary clientele. Upon completion, the policy is continuously cascaded to its employees through regular training. The funds' clientele and suppliers have been made aware and encouraged to adopt effective environmental practices.

Guided by this policy, the fund has employed strategies to minimize on the use of hazardous materials, energy, water, as well as the generation of waste. We continuously seek opportunities to improve our environmental performance by establishing targets, measuring progress and reporting our results specifically but not limited to paper, water, energy, and fuel consumption of our vehicles.

ii) Environmental Performance

In an effort to reduce on the number of trees being cut down to manufacture paper, all staff of the Fund endeavour to communicate through electronic means, and avoid printing to the extent that it will be possible. Staff are also encouraged to print on both sides of the paper. Documents that exceed one page, if printed on one side of the paper, are not accepted. In addition, the fund uses liquid soaps to reduce on solids that block sewer pipes. The Fund uses self-stopping taps in its wash rooms to reduce on incidences where taps are left running. All staff are encouraged to switch off lights and electrical appliances in their offices when leaving for meetings.

High rate of unemployment and the resultant increased poverty levels among the youth have shown to impact negatively on the environment. The fund seeks to economically empower them through provision of affordable financial and business support services. The fund encourages its beneficiaries to conduct their businesses in adherence to sound environmental practices; to plant and nurture trees within their communities; as well as to undertake business ventures that promote environment conservation. The YEDF keen not to finance businesses that engage in activities that are harmful to the environment.

iii) Employee welfare

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

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

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

On staff performance appraisals system, it is predicated upon principle of work planning, setting of agreed performance targets, feedback and reporting. This process is linked to other human resource systems and processes including employee development, career guidelines, placement, rewards and sanctions. The Board is yet to implement the Rewards and sanctions policy as the same is at draft level and yet to be presented to the relevant committee of the Board of Directors.

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

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

1. HIV /AIDS Policy
2. Gender Policy
3. Disability policy
4. Whistle blower policy

5. Reward and Recognition in draft form
6. Safety and occupational health Act of 2007 in draft form.
7. Staff welfare policy besides the HR policy.

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

iv) Market place practices

a) Responsible Competition practice

The YEDF is an affirmative action fund established by the government of Kenya to address the challenge of youth unemployment through entrepreneurship. The Fund is mandated to provide affordable financial and business support services to youth interested in business as a means to earn a living. The fund seeks to turn youth from job seekers to job creators. The fund is fully funded by the exchequer and therefore not a profit making entity. Its loan products are highly subsidized and business support services offered at no cost. They therefore do not compete with commercial institutions operating in the market

b) Responsible Supply Chain and Supplier Relations

Youth Enterprise Development Fund maintains good business practices with its suppliers through

Proper maintenance of records

We ensure that we have proper documentation from the suppliers on their capability and ensure that they have all the qualifications that are required. This is also done through ensuring that all documentation is well done from the first stage to the final for prompt payment purposes.

Regular meetings

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

- ❖ Co-ordinate our supply schedule with theirs.
- ❖ Discuss ways to reduce overall costs through timing of orders/contracts.
- ❖ Consider additional products or services that our supplier could provide.

- ❖ Update them on strategic changes or new products early on - this helps them adapt to meet those changes.
- ❖ Analyse how well we forecast sales and plan to meet our supply needs. Sharing the results of this analysis with our suppliers will allow us to develop accurate supply plans
- ❖ Use a purchase order system to control and monitor the buying of goods and services from suppliers - this facilitates internal financial controls and prevents specification misunderstandings at the supplier's end.
- ❖ Pay bills promptly. Paying late will strain our relationship with the supplier and could lead to less favourable terms in future.

Use technology to improve efficiency

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

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

- ❖ analyse real-time information about sales, orders or market trends
- ❖ forecast and react quickly to changes in demand
- ❖ improve efficiency - accurate information on stock means you will only order the supplies you need

The Fund is in the process of implementing an ERP system that will enhance the procurement process to be faster in terms of service delivery to our internal and external customers.

Service level agreements

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

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

Review our suppliers' performance

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

If not, even at this stage it may be worth using an SLA to define the terms and level of service you require from your supplier. The review process is particularly important as it will prevent existing suppliers becoming complacent.

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

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

c) Responsible Marketing and Advertisement

The Youth Enterprise Development Fund (YEDF) is committed to responsible marketing of its products and services and to transparency and honesty in all its advertising messages. This commitment is drawn from its code of conduct, core values, service charter, as well as policies that guide its operations.

Marketing and advertising is critical to informing our clients about our products and services. As such, the YEDF communication messages are well reviewed prior to publishing and disseminating so as to ensure that they comply with our policies and standards. We strive to ensure that they are legal, decent, truthful, complete, accurate, properly substantiated and not misleading. We ensure that the messages respect human dignity and are non-discriminatory in terms of ethnic origin, disability, or religion.

Through continuous training, the Fund ensures that its employees have a full understanding of the laws and regulations governing marketing and advertising including internal policies and best practices. We do this not just because it is required by law but because it is the right thing to do.

We regularly monitor our compliance to responsible marketing and advertising of our products and services and encourage our stakeholders to raise concerns of any irregularities through our dedicated customer service desk.

d) Product Stewardship

The YEDF is committed to safeguarding the rights and interests of the consumers of its loan products and business support services. At the onset of the loan application process, the YEDF communicates true information regarding the requirements including the costs of processing the loans and any applicable interests charged. The fund endeavours to answer all questions and concerns raised by the applicant.

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

v) Corporate Social Responsibility/Community Engagements

The Youth Enterprise Development Fund (YEDF) recognizes that it must integrate its business values and operations to meet the expectations of its stakeholders. The stakeholders include the youth, employees, regulators, government, suppliers, the community and the environment. Through its CSR programme, the YEDF undertakes corporate social initiatives and activities that will positively address the social, economic and environmental challenges facing its stakeholders. These responsibilities are demonstrated within the YEDF corporate social responsibility policy. The YEDF has committed to carry out at least one CSR activity every financial year.

During the year under review the YEDF carried out sensitization activities towards promoting a clean and safe environment. The fund carried our sensitization and planted trees at Karundas primary school in Kieni constituency, Nyeri County and Miruriiri Boys Secondary School in South Imenti constituency in Meru County

10. REPORT OF THE OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Youth Enterprise Development's affairs.

Principal Activities

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

Results

The results of the Fund for the year ended 30th June 2021 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page iv to v. During the year, Director Dr. Jospheh Birundu resigned and Director Ezra Chiloba was appointed vide gazette Notice NO.11259 with effect from 22nd December 2020. Further Director Edna Atisa an Alternate to PS, The National Treasury was replaced by Director Wambete.

Surplus remission

The Fund did not make any surplus during the year and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept 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 State Corporations Act). The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the entity 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 _____ 2021 and signed on its behalf by:

for 

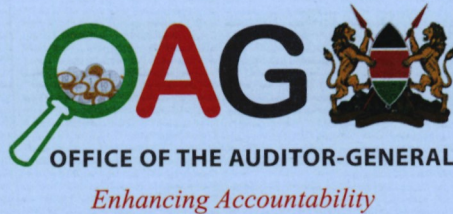
Dr. Eng. Victor M. Mwongera, PhD, PE
Chairman of the Board of Directors



Mr. Benson W. Muthendi
Accounting Officer

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON YOUTH ENTERPRISE DEVELOPMENT 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 Youth Enterprise Development Fund set out on pages 1 to 27, which comprise of the statement of

financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Youth Enterprise Development Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unexplained Revolving Fund Variance

The statement of financial position reflects revolving fund balance of Kshs.4,167,798,856 and as disclosed in Note 25 to the financial statements. The balance represents loan receivables from clients and cash and bank balances held in the entity's loan accounts. However, Note 16 reflects trade debtors (loan outstanding) totalling to Kshs.3,142,195,610 and bank balance of Kshs.31,039,009 included in the bank balance of Kshs.33,338,866 as reflected in Note 15 all totalling to Kshs.3,173,097,291 resulting to a variance of Kshs.994,701,566. Management explained that the variance was due to development funds totalling to Kshs.1,083,926,194 that were used to purchase assets, hatcheries, deposit at chase bank and program support expenses that were wrongly posted to revolving fund accounts as follows;

Item	Amount (Kshs)
Purchase of Hatcheries	199,500,000
Purchase of capital Assets	547,523,824
Amount Receivable from Chase Bank	180,184,856
Programs support Expenses	156,717,514
Total	1,083,926,194

Further, the variance of Kshs.89,224,628 between Kshs.994,701,566 and Kshs.1,083,926,194 was not explained and reconciled.

In the circumstances, the accuracy and completeness of the revolving fund balance of Kshs.4,167,798,856 as at 30 June, 2021 could not be confirmed.

2. Unconfirmed Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,899,796,858 and as disclosed in Note 16 to the financial statements. The balance includes an amount of Kshs.2,503,233 in respect of other exchange debtors, some dating back to the year 2011, which includes imprests of

Kshs.1,994,848 and Kshs.202,000 both totalling to Kshs.2,196,848 issued irregularly to the former Chief Executive Officer and the Board Chairman respectively. However, the recovery of these imprests is doubtful and no provision for impairment has been made in the financial statements.

In addition, included in the receivables from exchange transactions balance of Kshs.2,899,796,858 is an amount of Kshs.92,281,098 described as loans repaid unidentified. However, supporting documents indicating the date, transaction number and amount received was not provided for audit review.

Further, the receivables balance of Kshs.2,899,796,858, includes Kshs.180,184,865 owed by Chase Bank Limited that was not supported by any documentary evidence. The amount originated from payments made by the bank and for which the bank did not produce documents to support the withdrawals.

Additionally, no ageing analysis to determine the period the receivables have been outstanding was provided.

In the circumstances, the valuation and completeness of the receivables from exchange transactions balance of Kshs.2,899,555,324 as at 30 June, 2021 could not be confirmed.

3. Doubtful Recovery of Receivables from Non-Exchange Transactions

The statement of financial position and Note 17 to the financial statements, reflects a balance of Kshs.1,620,594 in respect of receivables from non- exchange transactions out of which an amount of Kshs.951,593 relates to rental deposits of a premise that the Fund vacated in 2017, but the recovery is yet to be made. Management did not provide explanation for not recovering the deposit. Further, no provision for bad and doubtful debts was made in these financial statements.

In the circumstances, the accuracy and recoverability of the rental deposits balance of Kshs.951,593 as at 30 June, 2021 could not be confirmed.

4. Unsupported Interest from Direct Funding Loans

The statement of financial performance reflects interest and fees of Kshs.65,625,928 as disclosed in Note 7 to the financial statements. The amount includes Kshs.38,270,063 in respect of interest from direct funding. However, the schedule provided for audit did not reflect the interest rates used and how the balance covering two accounting periods were prorated to ascertain amount reflected in the financial statements. This is contrary to explanatory Note 4(ii), to the financial statements on summary of significant accounting policies regarding revenue recognition which provides that interest and management fee on loans is recognized when it falls due using simple interest rates determined at the time the loan is disbursed and prorated when it relates to more than one accounting period.

In the circumstances, the completeness and accuracy of interest from direct funding loans of Kshs.38,270,063 for the year ended 30 June, 2021 could not be confirmed.

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

Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Going Concern of the Fund

I draw your attention to the disclosure under Note 26 to the financial statements which indicate that the Fund has been reporting losses over several years. During the year under review, the Fund continued to register dismal performance where the statement of financial performance reflects a deficit of Kshs.11,625,570 (2020 – deficit of Kshs.42,663,882), a situation that has prevailed over the past six years. This has eroded the capital invested in the revolving Fund and impaired the ability of the Fund to discharge its mandate and casts significant doubt on the ability to sustain its services in the foreseeable future.

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

Key Audit Matters

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

Other Matter

1. Unbalanced Budget

The statement of comparison of budget and actual amount reflects Kshs.366,660,833 and Kshs.365,460,833 in respect to budgeted revenue and expenditure respectively resulting to unbalanced budget by Kshs.1,200,000, contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget shall be balanced.

In the circumstances, the Fund is in breach of the law.

2. Long Outstanding Payables

The statement of financial position reflects a balance of Kshs.79,251,763 in respect to trade and other payables and as disclosed in Note 22 to the financial statements. Included in the balance is an amount of Kshs.10,161,795 out of which Kshs.5,511,045 and Kshs.4,650,750 has been outstanding since 30 June, 2014 and 30 June, 2015 respectively. No satisfactory explanation was given for failure to settle the long outstanding accounts payables.

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

Incomplete Fixed Assets Register

The statement of financial position and Note 19 to the financial statements reflects a balance of Kshs.30,035,823 in respect to property plant and equipment. Review of the fixed assets register provided revealed that critical information such as location of the assets, asset number and serial numbers was not indicated in the register.

Further, physical verification of the assets revealed that the assets were not tagged for ease of identification and movement, contrary to Regulation 139(1)(2) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that an Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

In the circumstances, the Fund is in breach of the law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Grounded Motor Vehicles and Motorcycles

Review of the assets register revealed that eighteen (18) motor vehicles and two hundred and ten (210) motorcycles were grounded due to various mechanical defects. Although the Management wrote to the Head of Public Service requesting approval for disposal on 6 March, 2018 and a reminder on 9 March, 2021, no response had been received as at the time of the audit.

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

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

Responsibilities of Management and the Board of Directors

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 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 Board of Directors is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 noncompliance. 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 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

02 June, 2022

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

13 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021 Kshs	Audited 2019-2020 Kshs
Revenue from non-exchange transactions	Notes		
Grants from GoK	6	299,490,000	299,290,000
		299,490,000	299,290,000
Revenue from exchange transactions			
Interest and fees	7	65,625,928	71,671,267
Other income	8	4,035,388	2,372,051
		69,661,316	74,043,318
Total revenue		369,151,316	373,333,318
Expenses			
Use of Goods and Services	14	77,481,748	84,758,294
Programme expenses	9	17,057,386	35,050,088
Employee costs	10	221,753,271	224,708,898
Board Remuneration & other related expenses	11	16,148,274	8,589,832
Depreciation & amortisation expense	12	40,705,996	51,929,240
Repairs & maintenance	13	7,630,210	10,960,847
Total expenses		380,776,886	415,997,200
Deficit for the period		(11,625,570)	(42,663,882)

The notes set out on pages 9 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


Accounting Officer

Mr. Benson W. Muthendi

Date



Head of Finance

CPA Benedict Atavachi
ICPAK M/No. 3081

Date

for 

Chairman of the Board

Dr. Eng. Victor M. Mwangera,
PhD, PE

Date

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Assets	Note	2020-2021 Kshs	Audited 2019-2020 Kshs
Current assets			
Cash and cash equivalents	15	34,419,871	306,863,299
Receivables from exchange transactions	16	2,899,796,858	2,574,949,929
Receivables from non-exchange transactions	17	1,620,594	1,151,594
Inventories	18	172,330,000	172,330,000
		3,108,167,323	3,055,294,822
Non-current assets			
Property, plant and equipment	19	30,035,822	50,733,824
Investment Property	20	27,521,196	30,189,970
Intangible assets	21	4,868,866	21,063,085
		62,425,884	101,986,879
Total assets		3,170,593,207	3,157,281,701
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	79,251,763	84,314,687
Total Current liabilities		79,251,763	84,314,687
Net assets			
Revolving Fund	25	4,167,798,856	4,137,798,856
Accumulated Deficit	24	(1,076,457,412)	(1,064,831,842)
Total net Assets and Liabilities		3,170,593,207	3,157,281,701

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:




Accounting Officer
Mr. Benson W. Muthendi

Date



Head of Finance
CPA Benedict Atavachi
ICPAK M/No. 3081

Date



Chairman of the Board
Dr. Eng. Victor M.
Mwongera, PhD, PE

Date

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

	Reserves		
	Capital replacement development reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Balance as at July 1 2020	4,137,798,856	(1,064,831,843)	3,072,967,013
Surplus/(Deficit) for the period		(11,625,570)	(11,625,570)
Addition for the year	30,000,000	-	30,000,000
Balance as at June 30 2021	4,167,798,856	(1,076,457,413)	3,091,341,443

Explanatory note : These are Capital reserves and not available for distribution.
They form the revolving Fund wherefrom loans are disbursed.

16 STATEMENT OF CASH FLOWS

	Note	2020-2021 Kshs	Audited 2019- 2020 Kshs
Cashflows from operating activities			
Receipts			
Grants from GoK		299,490,000	299,290,000
Interest and fees		65,625,928	71,671,267
Other income		4,035,388	2,372,051
Total Receipts		369,151,316	373,333,318
Payments			
Use of Goods and Services	14b	63,980,614	84,758,294
Programme expenses	9	17,057,386	35,050,088
Employee costs	22	221,753,271	224,708,898
Board Remuneration & other related expenses		16,148,274	8,589,832
Repairs & maintenance		7,630,210	10,960,847
Prior year adjustments on depreciation		-	(9,423,155)
Total Payments		326,569,756	354,644,805
Cashflows from operating activities	27	42,581,560	18,688,513
Cashflows from investing activities			
Purchase of Fixed & Intangible assets	19	(1,145,000)	(18,938,207)
Increase in receivables from exchange transactions		235,685,993	(216,733,384)
Increase in trade and other payables		(579,565,980)	11,584,961
Net cash flows from (net cash used in) investing activities		(345,024,987)	(224,086,630)
Cashflows from Financing activities			
Grants from Government of Kenya	25	30,000,000	335,340,000
Net cash flows from financing activities		30,000,000	335,340,000
Net Decrease in cash		(272,443,427)	129,941,884
Cash & cash equivalent at the beginning of the period		306,863,299	176,921,415
Cash & cash equivalents at the end of the period	15	34,419,871	306,863,299

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Approved Budget	Adjustments	Final Budget	Cumulative Actual on comparable basis	Performance difference	% of utilisation
	2020-2021		2020-2021	2020-2021	2020-2021	
Revenue	Kshs '000		Kshs '000	Kshs '000	Kshs '000	
Grants from GoK	299,488,800		299,488,800	299,490,000	1,200	0.00%
	299,488,800		299,488,800	299,490,000	1,200	
Interest and management fees on loans						
Mgt fees - C-YES, Eyes; LPO and other loan processing fees	18,800,000		18,800,000	19,664,369	864,369	4.60%
Interest and fees from Direct Funding Loans	14,700,000		14,700,000	40,529,458	25,829,458	175.71%
Management Fee from Commercial Infrastructure	2,016,000		2,016,000	2,978,600	962,600	47.75%
	35,516,000		35,516,000	63,172,428	27,656,428	
Other income						
Income from donors and other income generating activities	27,636,033		27,636,033	2,437,500	(25,198,533)	-91.18%
Bid bond and other miscellaneous revenue	4,020,000		4,020,000	4,051,388	31,388	0.78%
	31,656,033		31,656,033	6,488,888	(25,167,145)	
Total income	366,660,833		366,660,833	369,151,316	2,490,483	
Expenses						
Lending/ credit	6,300,000		6,300,000	5,998,414	301,586	4.79%
Commercial Infrastructure	650,000		650,000	516,830	133,170	20.49%
Market Linkages	1,200,000		1,200,000	949,690	250,310	20.86%
Capacity building for youth enterprises	2,400,000		2,400,000	2,358,515	41,485	1.73%
Monitoring and Evaluation	4,500,000		4,500,000	4,395,815	104,185	2.32%
Resource Mobilization	3,263,597		3,263,597	2,838,122	425,475	13.04%
	18,313,597		18,313,597	17,057,386	1,256,211	
Human Capital Expenses						
Staff Training	1,500,000		1,500,000	1,445,530	54,470	3.63%
Recruitment	350,000		350,000	344,858	5,143	1.47%
Performance Appraisal and Benchmark	520,000		520,000	508,500	11,500	2.21%
Personel salary and emoluments	187,525,140		187,525,140	179,036,692	8,488,448	4.53%

Wages for internship programme	1,380,000		1,380,000	1,088,556	291,444	21.12%
Group life and Personal Accident Cover	2,420,000		2,420,000	2,418,984	1,016	0.04%
Medical Expenses	24,000,000		24,000,000	23,592,011	407,989	1.70%
Staff Welfare	2,760,000		2,760,000	2,662,594	97,406	3.53%
Gratuity CEO's & Contract Staff	11,169,600		11,169,600	10,419,797	749,803	6.71%
Mainstreaming, Sensitization & Surveys	250,000		250,000	235,750	14,250	5.70%
	231,874,740		231,874,740	221,753,271	10,121,469	
Board Expenses						
Board Allowance	8,000,000		8,000,000	7,874,525	125,475	1.57%
Board Transport	2,184,000		2,184,000	1,895,241	288,759	13.22%
Chairperson Honorarium	960,000		960,000	960,000	-	0.00%
Board Exposure Visits			-	-	-	
Board Training & Med.&Accident Insu.&Misc.	2,000,000		2,000,000	1,993,019	6,981	0.35%
Board Retreat	3,500,000		3,500,000	3,425,489	74,511	2.13%
	16,644,000		16,644,000	16,148,274	495,726	
Depreciation						
Property, plant and equipment and Intangible assets	26,254,061		26,254,061	40,705,996	(14,451,935)	-55.05%
	26,254,061		26,254,061	40,705,996	(14,451,935)	
Repairs & Maintenance						
Motor vehicle and cycle fuel and repairs	8,300,000		8,300,000	7,630,210	669,790	8.07%
	8,300,000		8,300,000	7,630,210	669,790	
Administrative expenses						
Travelling Costs	1,399,200		1,399,200	1,373,705	25,495	1.82%
Telephone Costs	2,400,000		2,400,000	2,399,499	501	0.02%
Office Rent and Maintainance	29,354,070		29,354,070	27,425,261	1,928,809	6.57%
Office Stationery	1,300,000		1,300,000	1,187,008	112,992	8.69%
Audit Fees	1,392,800		1,392,800	1,392,000	800	0.06%
Legal Fees	4,000,000		4,000,000	4,259,089	(259,089)	-6.48%
Insurance for Motor Vehicle and Equipment	1,486,763		1,486,763	1,486,263	500	0.03%
Internet & Network Connectivity,Website & DSTV	9,000,000		9,000,000	9,868,980	(868,980)	-9.66%
Courier/Postal Services	1,200,000		1,200,000	1,198,655	1,345	0.11%
Office utilities	5,240,000		5,240,000	5,085,232	154,768	2.95%
Bank Charges	743,604		743,604	727,098	16,506	2.22%
Provision for bad debts	2,507,998		2,507,998	17,172,058	(14,664,060)	-584.69%
Enhancing funds image	4,050,000		4,050,000	3,906,900	143,100	3.53%
	64,074,435		64,074,435	77,481,748	(13,407,313)	
Total expenditure	365,460,833		365,460,833	380,776,885	(15,316,052)	
Deficit for the period				(11,625,570)	17,806,535	

Development Cash inflows

Development Grant from the Government of Kenya.	60,000,000.00		60,000,000	30,000,000	(30,000,000)	
Loan Repayments	520,000,000.00		520,000,000	235,685,993	(284,314,007)	-54.68%
Total	580,000,000		580,000,000	265,685,993	(314,314,007)	

Investment outlay						
Group Loans -C YES	328,670,000.00		328,670,000	328,540,000	130,000	0.04%
Group Loans -E YES	1,675,000.00		1,675,000	1,675,000	-	0.00%
Individual Loans through Vuka	201,622,500.00		201,622,500	201,318,480	304,020	0.15%
Individual Loans through Trade Finance	13,539,000.00		13,539,000	13,539,000	-	0.00%
Individual Loans through Agri-bizz	17,300,000.00		17,300,000	17,300,000	-	0.00%
Individual Loans through Talanta	2,955,000.00		2,955,000	2,955,000	-	0.00%
Individual Loans through Asset Finance	14,238,500.00		14,238,500	14,238,500	-	0.00%
Total	580,000,000		580,000,000	579,565,980	434,020	

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

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

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis and financial instruments at fair value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

<p><i>i.</i> Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <p><i>ii.</i> 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><i>iii.</i> IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>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><i>iv.</i> IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>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><i>v.</i> IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p>The amendments to the financial statements do not affect the financial statements as impairment and revaluation of assets is yet to be effected. Further, the Fund adopted IPSAS Accrual seven years ago.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>Note: The standard is not relevant to the Board</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>Note: The standard is not relevant to the Board</i></p>

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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 b) IPSAS 13, Leases and 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 c) 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. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard <p><i>Note: The standard is not relevant to the Board</i></p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Recurrent Grants from Government of Kenya

This is in respect of assistance from the Government of Kenya through the Ministry of ICT, Innovation and Youth Affairs. It is recognized as revenue when received. Where the fund receives an official commitment from the government or timing differences occur between the time the Government sends the funds and actual receipt; the grants are accrued. Direct funding loans attract simple interest at a rate of 6% per annum with accruing interest recognised to the year it is earned.

ii) Revenue from exchange transactions

Interest and Management fee on Loans

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

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

b) Budget information

The for FY 2020-2021 was approved by the Board of Directors on 28th January 2020 . No revisions were made during the year.

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

c) Taxation

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

d) Investment property

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

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

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

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

e) Property, plant and equipment

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

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

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

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

f) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

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

h) Financial instruments

Financial assets

Initial recognition and measurement

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

i) Inventories

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

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

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

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

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

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

k) The revolving fund

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

m) Employee benefits

Retirement benefit plans

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

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

n) 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.

Related parties

The Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Chief Executive officer, Senior Managers, Board Chairman and Directors. There were no related party transactions for the year under review apart from remuneration for the employment services rendered to the Fund.

r) Cash and cash equivalents

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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

Contingent liabilities

The 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.

Contingent assets

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

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.

u) Financial Risk Management

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

Credit risk

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

Collateral

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

The amount that best represents maximum exposure to credit risk as at June 30, 2021 is made up as follows;

	Total	Fully performing	Impaired
As at 30 June 2021			
Receivables from exchange Transactions	2,897,293,624	3,049,914,512	152,620,888
Receivables from non-exchange Transactions	1,620,594	1,620,594	-
As at 30 June 2020			
Receivables from exchange Transactions	2,574,949,929	2,710,398,759	135,448,830
Receivables from non-exchange Transactions	1,151,594	1,151,594	-

ii) Liquidity risk management

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

**Youth Enterprise Development Fund
Annual Reports and Financial Statements
For the Year Ended June 30, 2021**

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

As at 30 June 2021	Less than 1 month	between 1 to 3 months	Over 5 months
Trade payables		2,000,000	77,251,763
Total		2,000,000	77,251,763

iii) Capital Risk Management

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

	2020-2021	2019-2020
Revolving Fund	4,167,798,856	4,137,798,856
Accumulated Fund	(1,076,457,412)	(1,064,831,842)
Total	3,170,593,207	3,157,281,701

v) Events after the Reporting Period

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

w) Ultimate And Holding Entity

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

x) Currency

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

y) Continuous Losses.

The Fund has continued to report net deficits for the past years. However, the results have been improving over the years and it is envisaged that the Fund will report surpluses in the near future.

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

	2020-2021	Audited 2019-2020
6. Grants from GoK	Kshs	Kshs
Income from The National Treasury	299,490,000	299,290,000
	299,490,000	299,290,000
b. Transfers from Ministries , Departments & Agencies		
	Amount	Amount
	recognized to	recognised in
	Statement of	capital fund.
Name of the Entity Sending the Grant	Comprehensive	
	Income	
Ministry of ICT, Youth & Innovation	299,490,000	30,000,000
7. Interest and fees		
Mgt fees - C-YES	16,319,250	14,695,700
Mgt fees - Easy -YES	31,000	143,900
Mgt fees - Direct Funding Loans	2,259,395	1,249,406
Interest from Direct Funding Loans	38,270,063	31,986,841
Bid bond	16,000	75,000
LPO Processing fee	1,781,867	1,429,305
Tuckshops rental	2,978,600	1,999,500
Processing fee Agribizz	1,422,252	-
Processing fee Talanta	110,000	35,115
YESA Pre-Departure	2,437,500	17,800
YESA Home care	-	20,038,700
	65,625,928	71,671,267
8. Other income		
Sale of Tender documents	42,000	28,000
Sundry Income	3,763,588	1,632,801
Security perfetion fee	229,800	711,250
	4,035,388	2,372,051
9. Programme expenses (Program Support expenditure)		
Lending/ credit	5,998,414	9,621,371
Youth Enterprise Scheme Abroad	-	1,849,090
Commercial Infrastructure	516,830	3,965,350
Market Linkages	949,690	3,267,994
Capacity building for youth enterprises	2,358,515	6,747,095
Research Unit	-	416,800
Monitoring and Evaluation	4,395,815	6,268,093
Resource Mobilisation	2,838,122	2,914,295
	17,057,386	35,050,088

Youth Enterprise Development Fund Board
 Annual Reports and Financial Statements.
 For The year Ended June 30, 2021

	2020-2021	Audited 2019-2020
	Kshs	Kshs
10. Employee costs		
Staff Training	1,445,530	3,235,485
Recruitment	344,858	-
Performance Appraisal and Benchmarking	508,500	770,458
Personel salary and emoluments	179,036,692	173,024,171
Wages for internship programme	1,088,556	2,199,977
Group life and Personal Accident Cover	2,418,984	2,496,659
Medical Expenses	23,592,011	24,942,258
Staff Welfare	2,662,594	5,967,839
Gratuity	10,419,797	11,585,572
Mainstreaming,Sensitization & Surveys	235,750	486,480
	221,753,271	224,708,898
11 Board Remuneration and other Expenses		
Board Allowance	7,874,525	2,963,377
Board Transport	1,895,241	2,264,332
Chairperson Honorarium	960,000	441,290
Board Retreat	3,425,489	976,414
Board Training & Med.&Accident Insu.&Misc.	1,993,019	1,944,419
	16,148,274	8,589,832
12. Depreciation and amortization expense		
Property, plant and equipment	24,511,777	33,231,183
Intangible assets	16,194,220	18,698,057
	40,705,996	51,929,240
13. Repairs and maintenance		
Motorcyces and Vehicle fuel and repairs	7,630,210	10,960,847
	7,630,210	10,960,847

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

	2020-2021	Audited 2019- 2020
14. Use of Goods and Services	Kshs	Kshs
Travelling Costs	1,373,705	957,350
Telephone Costs	2,399,499	2,308,119
Office Rent and Maintainance	27,425,261	28,682,670
Office Stationery	1,187,008	3,299,985
Audit Fees	1,392,000	2,881,093
Legal Fees	4,259,089	7,374,500
Insurance for Motor Vehicle and Equipments	1,486,263	1,970,274
Internet and Network connectivity, Website and DSTV	9,868,980	10,381,688
Courier/Postal Services	1,198,655	1,131,020
Office utilities	5,085,232	6,810,429
Bank Charges	727,098	1,759,779
Enhancing Fund image	3,906,900	6,181,516
Provision for bad debts	17,172,058	11,019,870
	77,481,748	84,758,294
14b. Cashflow Use of Goods and Services		
Provision for bad debts	17,172,058	
	63,980,614	
15. Cash and cash equivalents		
Bank		
Current		
Cash -at-hand	33,338,866	306,250,142
Safaricom -Mpesa	37,727.00	50,424
	1,043,278.24	562,733
	34,419,871	306,863,299
Detailed Analysis of the cash and cash equivalents		
Financial Institution	2020-2021	Audited 2019- 2020
a) Current account		
Equity bank		
Equity Youth Enterprise Development Fund -Loan Repayment Account	100,500	978,191
Equity Youth Enterprise Developmnt Fund - Main	3,735,414	6,247,701
Equity Youth Enterprise Developmnt Fund - Direct Funding product	6,747,625	20,822,683
Equity Youth Enterprise Developmnt Fund- Operations account	2,021,941	5,393,922
Equity Youth Enterprise Developmnt Fund - Meru	50	50
Equity Youth Enterprise Developmnt Fund - Kisumu	(242)	(217)
Subtotal	12,605,288	33,442,330
Kenya Commercial Bank		
KCB Main Account	9,020,015	245,235,592
KCB Repayment Account	256,461	721,234
LPO Account	11,457,102	26,850,985
Subtotal	20,733,578	272,807,811
b.) Others		
Cash at hand	37,727	50,424
Mpesa	1,043,278	562,733
Subtotal	1,081,005	613,157
Grand total	34,419,871	306,863,299

Youth Enterprise Development Fund Board
 Annual Reports and Financial Statements.
 For The year Ended June 30, 2021

16. Receivables from exchange transactions	2020-2021	Audited 2019-2020
	Kshs	Kshs
Current receivables		
Trade debtors	3,142,195,610	2,787,240,570
Other exchange debtors	2,503,233	2,667,212
Less: impairment allowance	(152,620,888)	(135,448,830)
Loans repaid unidentified	(92,281,098)	(79,509,023)
Total current receivables	2,899,796,858	2,574,949,929
Total receivables	2,899,796,858	2,574,949,929

16b. Reconciliation for impairment allowance	2020-2021	Audited 2019-2020
on receivables from exchange transactions	Kshs	Kshs
At the beginning of the year	135,448,830	124,428,960
Additional provisions for the year	17,172,058	11,019,870
At the end of the year	152,620,888	135,448,830

17. Receivables from non-exchange contracts		
Current receivables		
Prepayments	1,620,594	1,151,594
Less: impairment allowance	-	-
Total current receivables	1,620,594	1,151,594

18. Inventories		
Hatcheries	172,330,000	172,330,000
	172,330,000	172,330,000

Total inventories at the lower of cost and net realizable value

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

19. Property, plant and equipment

Year ended 30 June 2020	Motor Vehicles Shs	Furniture and Fittings Shs	Computers & Accessories Shs	Motorcycles Shs	Total Shs
Cost					
At start of the period	76,153,164	116,940,843	121,394,070	65,578,000	380,066,078
Additions	-	-	18,938,207	-	18,938,207
At end of the period	76,153,164	116,940,843	140,332,277	65,578,000	399,004,285
Depreciation					
At start of the period	70,073,857	62,722,010	119,334,182	65,578,000	317,708,049
Disposals	-	-	-	-	-
Charge for the period	5,030,995	14,564,699	10,966,717	-	30,562,411
At end of the period	75,104,852	77,286,709	130,300,899	65,578,000	348,270,460
Net book value as at 30 June 2020	1,048,312	39,654,134	10,031,378	-	50,733,825
Year ended 30 June 2021					
Cost					
At start of the period	76,153,164	116,940,843	140,332,277	65,578,000	399,004,285
Additions	-	-	1,145,000	-	1,145,000
At end of the period	76,153,164	116,940,843	141,477,277	65,578,000	400,149,285
Depreciation					
At start of the period	75,104,852	77,286,709	130,300,899	65,578,000	348,270,460
Disposals	-	-	-	-	-
Charge for the period	1,048,312	13,582,636	7,212,053	-	21,843,002
At end of the period	76,153,164	90,869,345	137,512,952	65,578,000	370,113,462
Net book value as at 30 June 2021	-	26,071,498	3,964,325	-	30,035,823

20. Investment Property

Commercial Infrastructure-
Building of Bus Shelters/
Stalls

	2020-2021 Kshs	Audited 2019-2020 Kshs
At start of the period- cost	37,362,827	37,362,827
At start of the period- depreciation	(7,172,859)	(4,504,085)
Additions	-	-
Depreciation	(2,668,773.00)	(2,668,773)
	<u>27,521,195</u>	<u>30,189,968</u>

NOTES TO THE FINANCIAL STATEMENTS

21. Intangible assets

The fund has two computer softwares: The ABN vote book system and the Microsoft Dynamics NAV. ABN was purchased by the Fund for the purposes of tracking loan repayments and interest thereon by Youthgroups and Financial Intermediaries.

The Fund also maintains a comprehensive Management Information System. The modules in this system are the Finance module, Procurement, HR and payroll. Loans module and Asset management module.

Net book value as at June 30, 2020	
Cost	Kshs
At start of the period	140,230,764
Additions	(9,338,300)
At end of period	<u>130,892,464</u>
Amortization	
At start of the period	91,131,322
Charge for the period	18,698,056
At end of the period	<u>109,829,378</u>
Net book value as at June 30, 2020	<u><u>21,063,086</u></u>
Net book value as at June 30, 2021	
Cost	Kshs
At start of the period	130,892,464
Additions	-
At end of period	<u>130,892,464</u>
Amortization	
At start of the period	109,829,378
Charge for the period	16,194,220
At end of the period	<u>126,023,598</u>
Net book value as at June 30, 2021	<u><u>4,868,866</u></u>

Youth Enterprise Development Fund Board
Annual Reports and Financial Statements.
For The year Ended June 30, 2021

22. Trade and other payables from exchange transactions	2020-2021	Audited 2019-2020
	Kshs	Kshs
Trade payables	33,942,995	51,961,897
Office of the Auditor General	2,784,000	4,176,000
Provision for gratuity	36,554,412	26,672,465
Salary Deductions	5,970,356	1,504,326
Total trade and other payables	79,251,763	84,314,688

23. Related party Transactions

The following were the key related party transactions during the year.

Key management compensation	2020-2021	Audited 2019-2020
	Kshs	Kshs
Salaries and other short-term employment benefits	8,741,823	21,875,184
Directors remuneration and allowances	16,148,274	8,589,832
	24,890,097	30,465,016

24. Accumulated funds

	2020-2021	Audited 2019-2020
	Kshs	Kshs
Balance b/f	(1,064,831,842)	(1,021,008,021)
Add : Surplus (Deficit) for the quarter	(11,625,570)	(42,663,882)
Prior year Adjustment	-	(1,159,940)
	(1,076,457,412)	(1,064,831,842)

25. Revolving fund

	2020-2021	Audited 2019-2020
	Kshs	Kshs
Balance b/f	4,137,798,856	3,802,458,856
Add: Received during the year	30,000,000	335,340,000
	4,167,798,856	4,137,798,856

The balance outstanding in the Revolving Fund is part of the monies which are disbursed as loans to youth

26. Continuous Losses

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

27. Reconciliation of cashflows from Operating activities to Indirect method

	2020-2021
Deficit for the period	(11,625,570)
Adjustments for:	
Depreciation	24,511,777
Amortization	16,194,220
Provision for bad debts	17,172,058
Provision for audit fees	1,392,000
Reduction in trade payables	(5,062,924)
Operating profit before working capital changes	42,581,560

	tuckshops sit does not belong to the Fund.	governments of Nakuru, Nairobi and Machakos			
8.1	Unsupported Trade Debtors balances	Schedules of Loan balances provided	CEO/Head of Finance/Head of Credit	Resolved	-
8.2	Recoverability of long outstanding Imprests which includes the former CEO and Chairman	The bulk of these amounts was held by the late Catherine and Bruce who have since died. The Fund is exploring ways of recovering from the estate of the Late.	CEO	On-going	2021/2022
8.3	Non supported Provision for Impairment allowance on Receivables	This is supported by the Finance policy that provides for a general 5% provision of bad debts.	CEO/Head of Finance	Resolved	-
8.4	Unsupported Loan Balances – Kshs180m lost through Chase Bank	This refers to a case of fraud which was investigated and the criminal case of the same ongoing whereas the Fund is pursuing to recover the amount from the bank through a civil suit.	CEO	On-going	2021/2022
8.5	Unsupported interest on Investment	No investment made. Instead the Fund earns interest on current account balance which is at the discretion of the banker	Head of Finance	Resolved	-
9	Long standing trade payables	The same are subject of verification and Investigations cases hence payment shall only be made once verification is done.	CEO/Head of Finance	Not resolved	2021/22
10	Revaluation of Inventories at cost which is higher than the net realizable amount	The assets were revalued but incorporation of the loss requires approval that may take long.	CEO	On going	2021/2022


Chief Executive Officer


Chairman of the Board

Date.....

Date.....

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Undisclosed material uncertainty	The deficit gap is narrowing as the performance improves. Rationalization of expenses priority for the Fund	CEO	On-going	June 2022
2.	Errors on the statement of cash flows	Statement adjusted accordingly. Comparative figures adjusted.	Head of Finance	Resolved	-
3	No provision for bad and doubtful debts on rent Deposit receivable.	The current finance and credit policy provide for a general 5% provision. The Fund is pursuing refund of the rent deposits.	CEO/ Head of Administration / Head of Finance	Ongoing	2021/22
4	Tuck shops income partly accounted for.	The difference is attributable to non-occupied stalls/shelters	CEO/Head of Commercial Infrastructure	Resolved	-
5	Unauthorized utilization of revolving Fund	This relates to purchase of assets and program support expenses. The Legal notice 63 of 2007 allows the Fund to utilize and the expenditures were approved in the Funds annual budgets. No further expenditure being undertaken on this vote.	CEO	On-going	2021/2022
6	Revaluation of assets and reclassification of assets	Budget constraints to carry out revaluation of assets. Reclassification done and necessary journals passed	CEO/Head of Finance	On-going	2022/2023
7	The Fund Ownership of Land where the	The arrangement is under lease agreement with the county	CEO	Ongoing	2021/2022

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

The Fund did not have any projects running during the year.

Project No.	Project Name	Funder	Board/Function	Donor Commitment	Supplemental reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					
2	N/A					

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		YOUTH ENTERPRISE DEVELOPMENT FUND		
Break down of Transfers from the State Department of Youth				
FY 2020/2021				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year to which the amounts relate</u>	
	8/10/2020	74,872,500	2020/2021	
	10/23/2020	74,822,500	2020/2021	
	1/29/2021	74,922,500	2020/2021	
	5/19/2021	74,872,500	2020/2021	
	Total	299,490,000		
b. Development Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year to which the amounts relate</u>	
	8/25/2020	15,000,000	2020/2021	
	10/30/2020	15,000,000	2020/2021	
	Total	30,000,000		
c. Direct Payments				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year to which the amounts relate</u>	
		-		
		-		
		-		
	Total	-		
d. Donor Receipts				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year to which the amounts relate</u>	
		-		
		-		
		-		
	Total	329,490,000.00		

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
 Youth Enterprise Development Fund

Sign



Head of Accounting Unit
 Ministry of ICT, Innovation and Youth Affairs

Sign-----

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital/Revolving Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of ICT Innovation and Youth Affairs	8/10/2020	Recurrent	74,872,500	74,872,500	-	-	-	-	74,872,500
Ministry of ICT Innovation and Youth Affairs	10/23/2020	Recurrent	74,822,500	74,822,500	-	-	-	-	74,822,500
Ministry of ICT Innovation and Youth Affairs	1/29/2021	Recurrent	74,922,500	74,922,500	-	-	-	-	74,922,500
Ministry of ICT Innovation and Youth Affairs	5/19/2021	Recurrent	74,872,500	74,872,500	-	-	-	-	74,872,500
Ministry of ICT Innovation and Youth Affairs	8/25/2020	Development	15,000,000		15,000,000	-	-	-	15,000,000
Ministry of ICT Innovation and Youth Affairs	10/30/2020	Development	15,000,000		15,000,000	-	-	-	15,000,000
Total			329,490,000	299,490,000	30,000,000	-	-	-	329,490,000