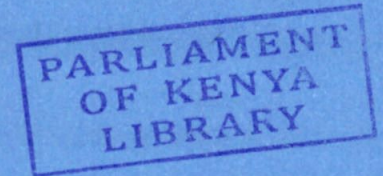


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

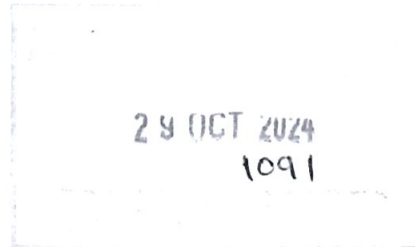
**EMBU COUNTY YOUTH TRUST FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Maj Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

*Issued 30<sup>th</sup> June 2024*



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**EMBU COUNTY YOUTH TRUST FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

---

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

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*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

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## **1. Acronyms, Abbreviations, and Definition of Key Terms**

### **A: Acronyms and Abbreviations**

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CO	Chief Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

### **B: Definition of Key Terms**

**Fiduciary Management-** Members of Management that are directly entrusted with the responsibility of financial resources of the organisation.

**Comparative Year-** Means the prior period.

**2. Key Entity Information and Management**

**(a) Background information**

The *Entity* was incorporated/ established under the public finance management Act (No. 18 of 2012) on 24<sup>th</sup> April, 2015. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya and has no branches apart from the main office which is at the headquarters in Embu town.

**(b) Principal Activities**

The principal activity/mission/ mandate of the Entity is to ...

(a) Expand access to finances in promotion of youth businesses and enterprises at the ward level for economic growth towards the realization of the goals of Vision 2030.

(b) To generate gainful self- employment for the youth.

(c) To model an alternative framework in funding youthful community driven development.

**Key Management**

The Entity's day-to-day management is under the following key organs:

**(a) Fund Administration Committee**

<b>Name</b>	<b>Position</b>
1. Damiano M. Njagi	Member
2. Luceta N. Ngari	Member
3. Rehema W. Ibrahim	Fund Administrator and Secretary to the Council

**NB:**

**The Council term has expired due to ongoing changes in the ACT. The management will constitute a new council when the new act has been approved by the County Assembly.**

*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

---

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

	<b>Name</b>	<b>Position</b>
1	Rehema W. Ibrahim	Director Youth Empowerment/Fund Administrator.
2	Luceta N. Ngari	Chief Officer – Youth Empowerment
3.	Damiano M. Njagi	Chief Officer – Finance

**Key Entity Information and Management (continued)**

**(d) Fiduciary Oversight Arrangements**

The management prepares quarterly reports which are submitted to the County Assembly of Embu, The Auditor General's Office Embu Hub and the Finance Department Embu County Government.

- *County Assembly –Budget Approval, Oversight on the fund's implementation.*
- *Internal Audit and finance Committee – Evaluate the day to day running of the Fund and ensure that the regulations are well followed.*
- *Parliamentary oversight committee – upon issuance of an audit certificate by the office of the auditor general, the reports proceeds to the senate from where the public accounts and investment committee (PAIC) invites the governor to shed light on the findings. The Embu county youth trust fund has had one invitation to appear before the senate committee on account of Embu youth trust fund financial statements for the period 2019-2020, 2020-2021, 2021-2022.*

**(e) Entity Headquartersnt**

P.o. Box 36-60100  
Youth Affairs Building  
Embu- Meru Highway  
Embu, Kenya.

**(f) Entity Contacts**

Telephone: (254) 771 304 003

**(g) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. **Other Banks**  
Equity Bank – Embu branch  
P.O. Box 75104  
City Square 00200  
**NAIROBI, KENYA**

**Key Entity Information and Management (continued)**

**(h) Independent Auditor**

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




**(i) Principal Legal Adviser**

- i) The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
  
- ii) County Attorney  
P.O. Box 36 - 60100  
Embu Town.



*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

---

**I. EMBU COUNTY YOUTH TRUST FUND COUNCIL.**

	Name	Position	Details of qualifications and experience
	Damiano M. Muthee	Member	6/11/1974 CPA(K) MBA Work Experience 20 Years
	Luceta N. Ngari	Member	7/2/1989, B.A Social Science Work Experience 10 Years
	Rehema W. Ibrahim	Fund Administrator/Secretary to the Council.	21/07/1985. Masters in Project planning and management. B.A Development Studies 12 Years Experience.

**3. Key Management Team**

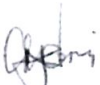
	Rehema Ibrahim	Fund Administrator	21/07/1985. Masters in Project planning and management. B.A Development Studies 12 Years Experience.
	Bonface Mbogo	Fund Accountant	17/09/1987 CPA(K) BBM – Finance 10 Years Experience

*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

---

**4. Chairman's Statement**

*The chairman's term has expired due to ongoing changes in the ACT pending the appointment of a new chairman.*

  
Name: LUCIA NJERI

**CHIEF OFFICER**  
**YOUTH EMPOWERMENT**

## II. Report of the Fund Administrator

- **The Review of the Fund's performance**

In general the fund's performance has been low in the year under review because of the re-organisation of the fund. The management plans to re-organise the Youth fund to be issued to youth groups rather than individuals. In this way recoverability of the loans issued will be more assured as the individuals will guarantee for each other and the chances of default will be lower than before. We hope in the forthcoming year, the fund is going to stabilize and run smoothly.

- **Future outlook of the Fund**

We will endeavour to put in place the best mechanism to run the fund as required. With assistance from County IT department we will put effort to see that we have an Enterprise resource planning (ERP) system to run the fund for efficient and effective management.

- **Any other matters deemed necessary**

Some of the major drawbacks include:

- ✓ Lack of Credit officers and recovery tools. E.g. transport
- ✓ 5% administration fee is not adequate to ensure smooth running of the fund hence the need to have a separate additional budget from the department to supplement the operation cost.
- ✓ The Fund lacks clear recovery structures that are geared towards the recovery process like; field officer, means of transport for making follow-ups among others.

- **Conclusion**

The above mentioned challenges have slowed down the repayment and recovery measures. However, the Youth Trust Fund being one of the flagship projects requires constant funding from treasury for 10 years as per the Embu County Youth Trust Fund Regulations.

Signed: \_\_\_\_\_

**REHEMA W. IBRAHIM**  
DIRECTOR YOUTH EMPOWERMENT/ FUND ADMINISTRATOR.

*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

---

**5. Statement of Performance against Predetermined Objectives for FY 2023/2024**

Section 81 Subsection 2 (f) or 164 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement a statement of the County government Entity’s performance against predetermined objectives.

The Embu County Youth Trust fund has 3 strategic objectives within the current Strategic Plan for the FY 2023/2024. These strategic pillars are as follows:

- a) Promote the culture of saving and investment amongst the youth.
- b) Access to finances in promotion of youth businesses and enterprises.
- c) To provide self employment to the youth.

The Embu County Youth Trust Fund develops its annual work plans based on the above 3 pillars/Themes. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Embu County Youth Trust Fund achieved its performance targets set for the FY 2024 period for its 3 strategic pillars, as indicated in the table below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Sensitizing the Youth on saving and investment.	Promote the culture of saving and investment amongst the youth	% increment/ number of beneficiaries	Youth programs in business incubation, start-ups and other business related programs.	There were 12 programs undertaken to train and sensitize youth on investment and growth.
Training Youth on entrepreneurship and financial management	Access to finances in promotion of youth businesses and enterprises	% increment number of loan repayment.	Youth training in money/finance management, book-keeping and savings	There were 8 programs undertaken to train and sensitize youth on Entrepreneurship.

**6. Corporate Governance Statement**

The Council held no meeting during the year under review.

The attendance of the meetings was as below:

DATE	MEMBERS PRESENT	MEMBERS ABSENT WITH APOLOGY	MEMBERS ABSENT WITHOUT APOLOGY	IN-ATTENDANCE

• **Remuneration of the Council**

The Council Chairman is paid an allowance of Ksh. 15,000 per sitting.  
 The Council Vice Chairman is paid an allowance of Ksh. 12,000 per sitting.  
 The Council Members are paid an allowance of Ksh. 10,000 each per sitting.  
 The Other Ex-official are paid 4,000 each per sitting, the fund accountant is paid 3,000 per sitting and the secretariat is paid 2,000 per sitting.

• **Appointment Process**

The council after expiry of their term is to be competitively sourced from the four sub-counties who shall be youths provided that at least one person shall be of the opposite gender.

• **Removal of a Council Member**

A member of the Council will cease to hold office if –

- He or she resigns upon giving one month’s notice in writing to the appointing authority;
- Is removed from office by the appointing authority upon recommendation of the Council to terminate the appointment of a member of the Council on any of the following grounds–
  - (a) violation of the Constitution or any other law;
  - (b) gross misconduct, whether in the performance of the member’s functions or otherwise;
  - (c) physical or mental incapacity to perform the functions of office or;
  - (d) Incompetence or neglect of duty.
- (e) Whenever the office of a member becomes vacant before the expiry of the term the appointing authority may appoint another person to be a member. Provided that such other person shall hold office only for the unexpired term of office of the person who vacated such office.

**l. Corporate Governance Statement (Continued)**

**Roles and Functions of the Council.**

The functions of the Council are –

- (a) to supervise the administration of the Fund;
- (b) to consider applications for loans in accordance with the existing terms and conditions of borrowing;
- (c) to advise the Executive member on the programmes relating to youth affairs and development;
- (d) to coordinate funded youth activities;
- (e) to evaluate funded and to be funded youth programmes
- (f) assist and encourage organizations interested in youth development in the initiation of youth training and development programmes;

*Embu County Youth Trust Fund*

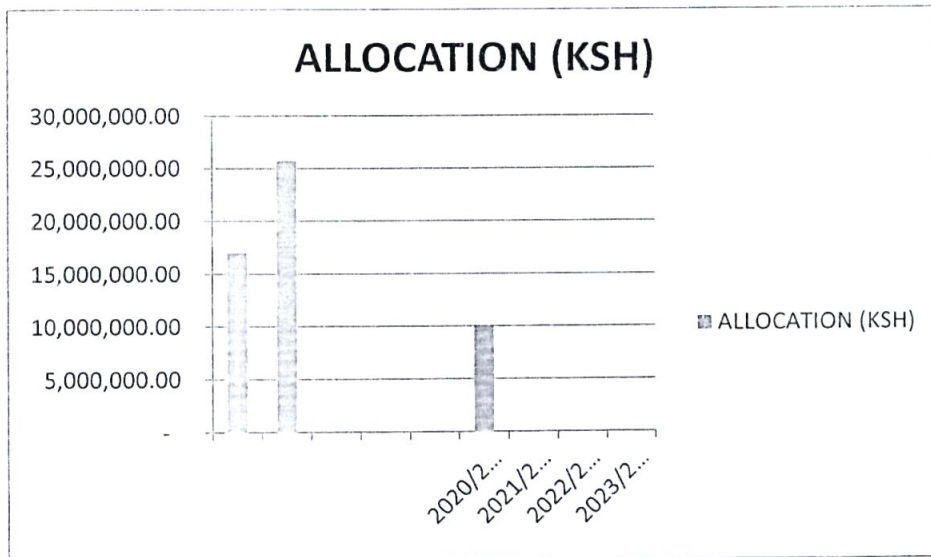
**Annual Report and Financial Statements for the year ended June 30, 2024.**

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**7. Management Discussion and Analysis**

In general the fund's performance has been a bit slow in the previous quarter due to hard economic times brought about by the recent draught this led to drastic drop of loan repayments. Also there was no consistency of the fund allocation. We hope in the forthcoming year, the fund is going to stabilize and run smoothly.

<b>YEAR</b>	<b>ALLOCATION (KSH)</b>
2015/2016	17,000,000.00
2016/2017	25,700,000.00
2017/2018	-
2018/2019	-
2019/2020	-
2020/2021	10,000,000.00
2021/2022	-
2022/2023	-
2023/2024	-



Some of the major drawbacks include:

- ✓ Lack of Credit officers.
- ✓ Low management fund allocation that hinders proper Administration and recovery of money disbursed.
- ✓ The Fund does not have its own means of transport for making follow-ups.

**8. Environmental and Sustainability Reporting**

The Embu County Youth Trust Fund did not undertake any Environmental or Corporate Social Responsibility during the year under review.

*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

---

**9. Report of the Fund Council**

The Council members term had expired thus no report was submitted.

**i) Principal activities**

The principal activities of the Entity continue to be economic empowerment of the youth which enables them to access finances to promote their business and enterprises, thereby enhancing economic growth towards the realization of vision 2030.

The fund addresses sustainable development goals;

No.1 (End poverty in all its forms)No.5 (achieve gender equity and empower women and girls), No.8 (promote sustained, inclusive and sustainable economic growth, full and productive empowerment and decent work for all) and No.10 (reduced inequity among countries) by providing affordable credit to youth, and youthful persons with disability)

**ii) Results**

The results of the Embu County Youth Trust Fund for the year ended June 30, 2024, are set out on page 1 to 26.

**iii) Directors/Fund Committee**

The funds council members who served during the year are shown on page vii, viii and ix. During the year, no council member resigned.

**iv) Auditors**

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

By Order of the Board



Name *Rehemu Ibrahim*  
Fund administrator.

#### 10. Statement of Fund Council Responsibilities

Section 81 or 164 of the Public Finance Management Act, 2012 and **public finance management (No 18 of 2012) (Embu county (youth trust) fund Regulations, 2015** require the Embu County Youth Trust Fund Council to prepare financial statements in respect of that Embu County Youth Trust Fund, which give a true and fair view of the state of affairs of the Embu County Youth Trust Fund at the end of the financial year/period and the operating results of the Embu County Youth Trust Fund for that year/period. The Fund's council are also required to ensure that the Embu County Youth Trust Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Embu County Youth Trust Fund. The Council is also responsible for safeguarding the assets of the Embu County Youth Trust Fund.

The Council are responsible for the preparation and presentation of the Embu County Youth Trust Fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year (period) ended on June 30, 2024. 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 Council accept responsibility for the Entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and **public finance management (No 18 of 2012) (Embu county (youth trust) fund Regulations, 2015**. The Council are of the opinion that the Entity's financial statements give a true and fair view of the state of the Entity's transactions during the financial year ended June 30, 2024, and of the Entity's financial position as at that date. The Directors/Fund Committee further confirms 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.

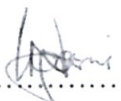
***Embu County Youth Trust Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

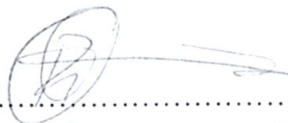
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In preparing the financial statements, the Directors/Fund Committee have assessed the entity's ability to continue as a going concern. Nothing has come to the attention of the Directors/Fund Committee to indicate that the *Entity* will not remain a going concern for at least the next twelve months from the date of this statement.

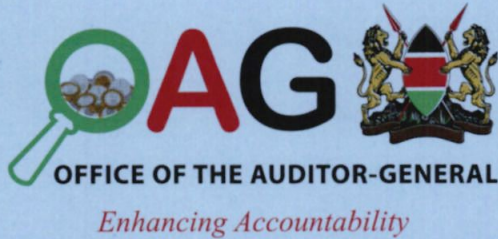
**Approval of the financial statements**

The *Entity's* financial statements were approved by the Board on 30/9/24 2024 and signed on its behalf by:

  
.....  
Name **LUCIEN NSEM**  
Chief Officer-Youth Empowerment

  
.....  
Name **Rehana Ibrahim**  
Fund Administrator

# REPUBLIC OF KENYA



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

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

## REPORT OF THE AUDITOR-GENERAL ON EMBU COUNTY YOUTH TRUST FUND FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

The three parts of the report 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 Embu County Youth Trust Fund set out on pages 1 to 40, which comprise of the statement of financial position as at

30 June, 2024 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 Embu County Youth Trust Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Embu County Youth Trust) Fund Regulations, 2015.

### **Basis for Qualified Opinion**

#### **1. Receivables from Exchange Transactions**

The statement of financial position reflects total assets balance of Kshs.50,186,867 out of which receivables of Kshs.49,915,139 have been wrongly classified as current portion of receivables from exchange transactions instead of long-term portion exchange transactions. The assets compared with the previous year's balance of Kshs.49,942,564 indicates that the accounts are largely dormant. However, Management has not shown efforts made to recover the outstanding loans.

In the circumstances, the valuation and recoverability of the current and long-term receivables from exchange transactions balance of Kshs.49,915,139 could not be confirmed.

#### **2. Sustainability of the Fund**

The statement of financial position reflects total assets balance of Kshs.50,186,867 out of which Kshs.49,915,139 relates to current portion of receivables from exchange transactions. Review of the disbursed loans revealed that actual disbursements between February, 2015 and June, 2023 amounted to Kshs.55,467,552 out of which Kshs.2,635,000 was retained by the Fund retained as management fees. The loans disbursed were interest free and were to be repaid within three (3) years of disbursement. However, as at 30 June, 2024 over ten years later, only disbursements amounting to Kshs.5,552,413 had been recovered.

In the circumstances, the sustainability of the Fund and recoverability of the outstanding loans receivables could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Embu County Youth Trust Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not provided an explanation of how the issues were resolved.

### **Other Information**

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

In connection with my audit on the Fund Management financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **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 effect of the matter described in the Basis for Conclusion on the 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**

### **Failure to Constitute Embu Youth Trust Fund Council**

The Fund did not have a Council as the former membership term had expired. No explanation was provided by the Fund for failing to constitute the Council. This was contrary to Legal Notice No.1 -Public Finance Management Act (No.18 of 2012) Part 111 Section 6. (1) which states that "There shall be an established a Council to be known as the Embu County Youth Trust Fund Council, which shall consist of- (a) a non-executive chairperson, not being a public officer and being a youth appointed by the Governor; (b) the chief officer responsible for youth affairs; (c) the chief officer responsible for finance; (d) the Director responsible for youth affairs who shall be an ex-officio member and secretary to the Council; and (e) four residents, one from each Sub-County competitively sourced who shall be youths provided that at least one person shall be of the opposite gender".

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 governance were not effective.

## **Basis for Conclusion**

### **Use of Manual System in Loan Calculations**

The Management maintains manual accounts for each member using Microsoft excel worksheet instead of a loan management software. The use of the manual system requires manual calculation of interest and loan balances by the Fund Manager and constant monthly and/or annual updates of the data which could be prone to human error and manipulation as evidenced by the inaccuracies in the balances in the financial statements.

In the circumstances, the effectiveness on mitigation on risk management could not be confirmed.

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

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revenue statements.

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

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

  
FCPA Nancy Gatundu, CBS  
AUDITOR-GENERAL

Nairobi

23 December, 2024

*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

**12. Statement of Financial Performance for the year ended 30 June 2024**

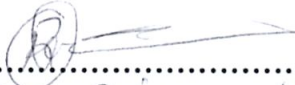
	Note	FY 23/24	FY 22/23
	3	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities		-	-
Public contributions and donations		-	-
Transfers in-kind		-	-
		-	-
<b>Revenue from exchange transactions</b>			
Interest income	6	-	3,947
Rendering of services		-	-
Rental revenue from facilities and equipment		-	-
Fees and other charges		-	-
Other income		-	-
<b>Total revenue</b>		-	<b>3,947</b>
<b>Expenses</b>			
Use of goods and services	7	-	960
Employee costs		-	-
Board Expenses		-	-
Depreciation and amortization expense		-	-
Repairs and maintenance		-	-
Contracted services		-	-
Grants and subsidies		-	-
Finance costs		-	-
<b>Total expenses</b>		-	<b>960</b>
<b>Surplus/deficit from operating activities</b>		-	<b>2,987</b>
<b>Other gains/(losses)</b>			
Gain/Loss on sale of assets		-	-
Gain/Loss on foreign exchange transactions		-	-
Gain /Loss on fair value of investments		-	-
Impairment loss		-	-
<b>Surplus/ (deficit) before tax</b>		-	<b>2,987</b>
Taxation		-	-
<b>Surplus/(deficit) for the Year</b>		-	<b>2,987</b>
<b>Net Surplus for the year</b>		-	-


*Embu County Youth Trust Fund*


**Annual Report and Financial Statements for the year ended June 30, 2024**

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The notes set out on pages 27 to 44 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 2 were signed on behalf of the Council Members by:

  
.....  
**Name:** Rehana Ibrahim  
**Fund Administrator**

  
.....  
**Name:** LUCIA NJIRU  
**Chief Officer – Youth Empowerment**

  
.....  
**Name:** BONIFACE MBUGU  
**Fund Accountant**

**Date**

**Date**

**ICPAK M/No:** 20312  
**Date** 30/09/2024

**Embu County Youth Trust Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

**15 Statement of Financial Position as at 30 June 2024**


	Notes	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	13	271,728	233,773
Receivables from Exchange Transactions	14	49,915,139	33,605,833
Receivables from Non-Exchange Transactions		0	0
Inventories		0	0
Investments in financial assets		0	0
<b>Total Current Assets</b>		<b>50,186,867</b>	<b>33,839,606</b>
<b>Non-Current Assets</b>			
Receivables from Exchange Transactions		0	16,336,731
Investments in financial assets		0	0
Property, Plant and Equipment		0	0
Intangible Assets		0	0
Investment Property		0	0
<b>Total Non- Current Assets</b>		<b>0</b>	<b>16,336,731</b>
<b>Total Assets (A)</b>		<b>50,186,867</b>	<b>50,176,337</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	10,530	0
Refundable Deposits from Customers	16	0	0
Current Provision		0	0
Finance Lease Obligation		0	0
Deferred Income		0	0
Employee Benefit Obligations		0	0
Current Portion of Borrowings		0	0
Taxation		0	0
<b>Total Current Liabilities</b>		<b>10,530</b>	<b>0</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions		0	0
Non-Current Employee Benefit Obligation		0	0

**Embu County Youth Trust Fund**

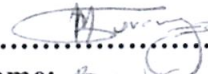
**Annual Report and Financial Statements for the year ended June 30, 2024**

	Notes	FY 2023/24	FY 2022/23
		Kshs	Kshs
Borrowings		0	0
Service Concession Liability		0	0
Deferred Tax Liabilities		0	0
<b>Total Non- Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>10,530</b>	<b>0</b>
<b>Net Assets (A-B)</b>		<b>50,176,337</b>	<b>50,176,337</b>
<b>Represented By:</b>			
Reserves		0	0
Accumulated Surplus/Deficit		(2,523,664)	(2,523,664)
Revolving Fund		52,700,000	52,700,000
Capital Fund		0	0
<b>Net Assets</b>		<b>50,176,336</b>	<b>50,176,336</b>

The financial statements set out on pages 3 to 4 were signed on behalf of the Council by:

  
 Name: *Rehemah Ibrahim*  
 Fund Administrator

.....  
 Name:  
 Chief Officer -Youth  
 Empowerment

  
 Name: *BONFACE MBUGI*  
 Fund Accountant

Date

Date

ICPAK M/No: *203.2*  
 Date *30/06/2024*

**16. Statement of Changes in Net Assets for the year ended 30 June 2024**

Description	Revaluation reserve	Fair value adjustment reserve	Accumulated surplus	Revolving Fund	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2022</b>	0	0	(2,526,651)	52,700,000	0	50,173,349
Revaluation gain	0	0	0	0	0	0
Fair value adjustment on investments	0	0	0	0	0	0
Surplus/ deficit for the year	0	0	2,987	0	0	2,987
Funds received During the year	0	0	0	0	0	0
Transfers from accumulated surplus to revolving fund	0	0	0	0	0	0
Capital/development grants received during the year	0	0	0	0	0	0
<b>As at June 30, 2023</b>	0	0	(2,523,664)	52,700,000	0	50,176,336
<b>As at July 1, 2023</b>	0	0	(2,523,664)	52,700,000	0	50,176,336
Revaluation gain	0	-	-	-	-	0
Fair value adjustment on investments	-	-	-	-	-	0
Surplus/ (deficit) for the year	-	-	0	-	-	0
Funds received During the year	-	-	-	0	-	0
Transfers from accumulated surplus to revolving fund	-	-	(0)	0	-	-
Capital/development grants received during the year	-	-	-	0	0	0
<b>As at June 30, 2024</b>	0	0	(2,523,664)	52,700,000	0	50,176,336

*Note:*

- For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

*Embu County Youth Trust Fund*  
Annual Report and Financial Statements for the year ended June 30, 2024.

17. Statement of Cash Flows for the year ended 30 June 2024

		FY 2023/24	FY 2022/23
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities		0	0
Public contributions and donations		0	0
Interest received		0	3,947
Rendering of services		0	0
Rental revenue from facilities and equipment		0	0
Fees and other charges		0	0
Other income( <i>specify</i> )		0	0
<b>Total receipts</b>		<b>0</b>	<b>0</b>
<b>Payments</b>			
Use of goods and services		(0)	(0)
Employee costs		(0)	(0)
Board Expenses		(0)	(0)
Repairs and maintenance		(0)	(0)
Contracted services		(0)	(0)
Grants and subsidies		(0)	(0)
Finance costs		0	(960)
<b>Total payments</b>		<b>(0)</b>	<b>(960)</b>
<b>Adjustment in WC- Increase in Current Liability</b>	17	<b>10,530</b>	<b>0</b>
<b>Net cash flows from/(used in) operating activities</b>	17	<b>10,530</b>	<b>2,987</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE		(0)	(0)
Purchase of Intangible assets		(0)	(0)
Proceeds from sale of PPE		0	0
Proceeds from loan principal repayments		27,425	65,181
Loan disbursements paid out		(0)	(78,947)
Purchase of investments		(0)	(0)
Proceeds from sale of investments		0	0
<b>Net cash flows from/(used in) investing activities</b>		<b>27,425</b>	<b>(13,766)</b>
<b>Cash flows from financing activities</b>			
Revolving fund receipts		0	0
Proceeds from borrowings		0	0

*Embu County Youth Trust Fund*

**Annual Report and Financial Statements for the year ended June 30, 2024**

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	Notes	FY 2023/24	FY 2022/23
		Kshs	Kshs
Repayment of borrowings		(0)	(0)
<b>Net cash flows from financing Activities</b>		<b>0</b>	<b>0</b>
Net increase/(decrease) in cash & Cash equivalents		37,955	(10,779)
Cash and cash equivalents at the beginning (1 <sup>st</sup> July 2023)	13	233,772	244,551
Cash and cash equivalents at the end (30 <sup>th</sup> June 2024)	13	271,727	233,772

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

## 18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	c= (a+b)	D	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from Other Governments entities	0	0	0	0	(0)	0%
Public Contributions and Donations	0	0	0	0	(0)	0%
Interest income	0	0	0	0	(0)	0%
Rendering of Services	0	0	0	0	(0)	0%
Rental Revenue from Facilities and Equipment	0	0	0	0	0	0%
Fees and other charges	0	0	0	0	(0)	0%
Other Income ( <i>specify</i> )	0	0	0	0	(0)	0%
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0%</b>
<b>Expenses</b>						
Use of Goods and Services	0	0	0	0	(0)	0%
Employee costs	0	0	0	0	(0)	0%
Board Expenses	0	0	0	0	(0)	0%
Repairs and Maintenance	0	0	0	0	(0)	0%
Contracted Services	0	0	0	0	(0)	0%
Grants and Subsidies	0	0	0	0	(0)	0%
Finance costs	0	0	0	0	(0)	0%
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0%</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0%</b>
<b>Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Embu County Youth Trust Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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Budget notes

1. *Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)*
2. *Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

## **19. Notes to the Financial Statements**

### **1. General Information**

The Embu County Youth Trust Fund is established by and derives its authority and accountability from **public finance management (No 18 of 2012) (Embu county (youth trust) fund Regulations, 2015**. The Entity is wholly owned by the County Government of Embu and is domiciled in Kenya. The Entity's principal activities are economic empowerment of the youth which enables them to access finances to promote their business and enterprises, thereby enhancing economic growth towards the realization of vision 2030.

The fund addresses sustainable development goals No.1 (End poverty in all its forms), No.5 (achieve gender equity and empower women and girls), No.8 (promote sustained, inclusive and sustainable economic growth, full and productive empowerment and decent work for all) and No.10 (reduced inequity among countries) by providing affordable credit to youth, and youthful persons with disability).

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Entity's* accounting policies.

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 2012, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1<sup>st</sup> January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1<sup>st</sup> January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement

*Embu County Youth Trust Fund*

**Annual Reports and Financial Statements for the year ended June 30, 2024.**

	<p>related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

*ii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees and other charges**

The *Entity* recognizes revenues from fees and other charges when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Interest income**

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

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. However, the entity had no operational budget for the FY 2023/2024.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the

*Embu County Youth Trust Fund*  
**Annual Reports and Financial Statements for the year ended June 30, 2024.**

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underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

*Sales tax*

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**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 is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant, and equipment**

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

**f) Leases**

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. There are no critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

**b) Financial liabilities**

**Classification**

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

**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 a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

**j) Provisions**

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

**k) Contingent liabilities**

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

**l) Contingent assets**

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

**m) Nature and purpose of reserves**

The Entity does not create nor maintain reserves in terms of specific requirements.

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

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

**o) Employee benefits**

**Retirement benefit plans**

The *Entity* does not provide retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate *Entity* (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**q) Borrowing costs**

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

**r) Related parties**

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the Fund Council, the Fund Administrator, the Chief Officer Youth and Finance.

**s) Service concession arrangements**

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

**t) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

**u) Comparative figures**

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

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

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

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The *Entity* based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the *Entity*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### **Useful lives and residual value**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 37. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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**Annual Reports and Financial Statements for the year ended June 30, 2024.**

**6. Interest income**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Interest on loans	0	3,947
Others( <i>specify</i> )	0	0
<b>Total Interest income</b>	<b>0</b>	<b>3,947</b>

**7. Use of Goods and Services**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Electricity	0	0
Water	0	0
Subscriptions	0	0
Advertising	0	0
Admin Fees	0	0
Audit Fees	0	0
Conferences and Delegations	0	0
Consulting Fees	0	0
Consumables	0	0
Fuel and Oil	0	0
Insurance	0	0
Legal Expenses	0	0
Licenses and Permits	0	0
Postage	0	0
Printing and Stationery	0	0
Hire Charges	0	0
Rent expenses	0	0
Security Costs	0	0
Skills Development Levies	0	0
Inventory Scrapping	0	0
Telecommunication	0	0
Training	0	0
Travel, Subsistence & Other Allowances*	0	0
Bank charges	0	960
Other program support expenses( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>960</b>

*\*Travel, accommodation, subsistence, and other allowances- Where this cost has been budgeted under employee costs, please report it under note 15. (Provide brief explanation expenditure variations compared to the previous year)*

*Embu County Youth Trust Fund*

Annual Reports and Financial Statements for the year ended June 30, 2024.

**8. Cash and Cash Equivalents**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank balances	271,728	233,773
On - Call Deposits	0	0
Fixed Deposits Account ( <i>below 3 months</i> )	0	0
Others ( <i>Specify</i> )	0	0
<b>Total Cash and Cash Equivalents</b>	<b>271,728</b>	<b>233,773</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>a) Bank balances</b>			
Equity Bank – main	0190164557091	117,189.5	117,189.5
Equity Bank – Loan repayment	0190264375530	10,002.5	10002.5
<b>Sub- Total</b>		<b>127,192</b>	<b>127,192</b>
<b>b) On - Call Deposits</b>			
Bank		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Fixed Deposits Account</b>			
XXX Bank		0	0
XXX Bank		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>d) Others (Specify)</b>			
Cash In Transit		0	0
Cash In Hand		0	0
Mobile Money Accounts	539498	144,536	106,581
<b>Sub- Total</b>		<b>144,536</b>	<b>106,581</b>
<b>Grand Total</b>		<b>271,728</b>	<b>233,773</b>

9. Receivables from Exchange Transactions

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
<b>Current Receivables</b>		
Loan interest receivable	0	0
Current Loan Repayments Due	49,915,139	33,605,833
Fees and other charges due	0	0
Other ( <i>specify</i> )	0	0
Less: Impairment Allowance	(0)	(0)
<b>Total Current Receivables</b>	<b>49,915,139</b>	<b>33,605,833</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	0	16,336,731
<b>Total Non- Current Receivables</b>	<b>0</b>	<b>16,336,731</b>
<b>Total Receivables from Exchange Transactions</b>	<b>49,915,139</b>	<b>49,942,564</b>

(b) Ageing analysis for Receivables from exchange transactions

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
	FY 2023/24	% of the total	FY 2022/23	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	16,336,731	33%
Over 3 years	49,915,139	100%	33,605,833	67%
<b>Total (a+b)</b>	<b>49,915,139</b>	<b>100%</b>	<b>49,942,564</b>	<b>100%</b>

(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	FY 2023/24	FY 2022/23
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	(0)	(0)
Written off during the year	(0)	(0)
At the end of the year	<b>0</b>	<b>0</b>

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

*Embu County Youth Trust Fund*

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**10. Trade and Other Payables**

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
Trade payables	0		0	
Employee payables	0		0	
Third-party payments	10,530		0	
Other payables	0		0	
<b>Total trade and other payables</b>	<b>10,530</b>		<b>0</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>FY 2023/24</b>	<b>% of the Total</b>	<b>FY 2022/23</b>	<b>% of the Total</b>
Under one year	10,530	%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total (tie to above total)</b>	<b>10,530</b>		<b>0</b>	<b>0%</b>

*(Provide brief explanation)*

**11. Refundable Deposits Customers**

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
Customer deposits	0		0	
Prepayments	0		0	
Other deposits	0		0	
<b>Total deposits</b>	<b>0</b>		<b>0</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>2023/24</b>	<b>% of the Total</b>	<b>2022/23</b>	<b>% of the Total</b>
<b>Under one year</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**12. Cash Generated from Operations**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
<b>Surplus/Deficit for the year</b>		
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	(0)	(0)
Contributed assets	(0)	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
<b>Working capital adjustments</b>		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in Liability	10,530	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>10,530</b>	<b>0</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**13. Financial Risk Management**

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

**i) Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June ( FY 23/24)</b>				
Receivables from exchange transactions	49,915,139	0	49,915,139	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	271,728	271,728	0	0
<b>Total</b>	<b>50,186,867</b>	<b>271,728</b>	<b>49,915,139</b>	<b>0</b>
<b>As at 30 June (FY22/23)</b>				
Receivables from exchange transactions	49,942,564	16,336,731	33,605,833	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	233,773	0	0	0
<b>Total</b>	<b>50,176,337</b>	<b>16,336,731</b>	<b>33,605,833</b>	<b>0</b>

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has a significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June ( FY 2023/24)</b>				
Trade payables	0	0	10,530	10,530
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Others ( <i>specify</i> )	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>10,530</b>	<b>10,530</b>
<b>As at 30<sup>th</sup> June (FY 2022/23)</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Others ( <i>specify</i> )	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Financial Risk Management**

**iii) Market risk**

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rates, equity prices, and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Youth Empowerment Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 0 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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**Financial Risk Management**

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

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June (Current FY)			
<b>Financial Assets</b>	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Foreign currency sensitivity analysis**

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June (Current FY)			
<b>Financial Assets</b>	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Financial Risk Management**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY</b>			
Euro	0%	0	0
USD	0%	0	0
Sterling pound	0%	0	0
<b>Previous FY</b>			
Euro	0%	0	0
USD	0%	0	0
Sterling pound	0%	0	0

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (Current FY: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (Current FY – Kshs 0)

**iv) 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:

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Revaluation Reserve	0	0
Accumulated surplus	(2,523,664)	(2,523,664)
Revolving Fund	52,700,000	52,700,000
<b>Total Funds</b>	<b>50,176,336</b>	<b>50,176,336</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	(271,728)	(233,773)
Net Debt/(Excess Cash And Cash Equivalents)	49,904,608	49,942,563
<b>Gearing</b>	<b>99.4%</b>	<b>99.5%</b>

**14. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors/Fund Committees.
- vi) Others (*specify*)

**15. Events after the Reporting Period**

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

**16. Ultimate And Holding Entity**

The *Entity* is a Corporation/ or a Semi-Autonomous Government Agency under the County of Embu. Its ultimate parent is the Government of Kenya.

**17. Currency**

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

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Long Outstanding Receivables	The Management has enacted strict measures to enforce recoverability in the new draft ACT i.e Clause on surcharging of securities	Not Resolved	June 2025
2.	Sustainability of the Fund	The management has proposed in the new draft ACT to only issue loans to groups for easy follow up and enhancing self-guarantying of Members	Not Resolved	June 2025

*Guidance Notes:*

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved”.

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.....Behenna Ibrahim.....  
Fund Administrator 

Date: 30/9/24

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**Appendix II: Projects implemented by Embu County Youth Trust Fund**

Projects implemented by the Entity Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

**Status of Project Completion**

*(Provide a summary of the project implementation status, i.e. total costs incurred, stage which the project is etc)*

S/No	Project Name	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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**Appendix IV: Transfers from Other Government Entities**

Name of the Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Reserve	Deferred Income	Receivables	Others - must be specific	
-	-	Recurrent	-	-	-	-	-	-	xxx
-	-	Development	-	-	-	-	-	-	xxx
<b>Total</b>			-	-	-	-	-	-	xxx

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**Appendix V- Inter-Entity Confirmation Letter**

Name of transferring entity:.....

Name of beneficiary entity:.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Sign ..... Date.....