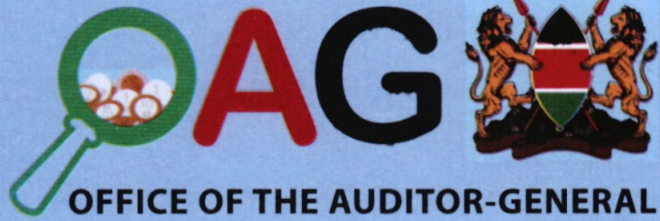
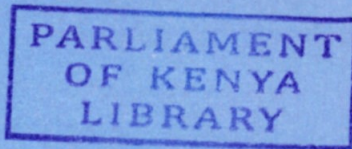


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**YOUTH ENTERPRISE DEVELOPMENT
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 11 MAR 2026

DAY.

WEDNESDAY

TABLED
BY:

LEADER OF MAJORITY PARTY
HOW-OWEN BAYA, MP

CLERK-AT
THE-TABLE:

J. LEMERELLE



YOUTH ENTERPRISE DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2025

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

**Youth Enterprise Development Fund
Annual Report and Financial Statements
For the year ended June 30, 2025.**

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1. Acronyms, Abbreviations and Glossary of 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
YEDF	Youth Enterprise Development Fund
CHRP	Certified Human Resource Professional
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
CPF	County Pension Fund

B: Glossary of Terms

Fiduciary Management Members of management directly entrusted with the responsibility of financial resources of the organization

Comparative Year- Means the prior period (2023/2024)

2. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

The principal purpose/mission of the Youth Enterprise Development Fund is to increase economic opportunities for and participation of Kenyan youth in job creation through innovative affordable financing, enterprise development, and strategic partnerships.

The Fund was established in order to;

- i. Provide funding and business development services to youth -owned or youth focused enterprises;
- ii. Provide incentives to commercial banks through appropriate risk mitigation instruments to enable them increase lending and financial services to youth enterprises;
- iii. Provide loans to existing micro-finance institutions, registered non-governmental organizations
- iv. involved in micro financing, and savings and credit co-operative organizations for on-lending to youth enterprises;
- v. Attract and facilitate investment in micro, small and medium enterprises, oriented commercial
- vi. Infrastructure such as business or industrial parks, stalls, markets or business incubators that will be beneficial to youth enterprises;
- vii. Support youth-oriented micro, small and medium enterprises to develop linkages with large enterprises;
- viii. Facilitate marketing of products and services of youth owned enterprises in both domestic and international market;
- ix. Facilitate employment of youth in the international labor market; and
- x. Carry out any other activities relevant to its principal mandate

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Our Vision

Economically empowered Kenyan youth running sustainable enterprises.

Our Mission

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

Our Core Values

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

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

(c) Key Management

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

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

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1.	Chief Executive Officer	Mr. Josiah Arabu Moriasi, MBS
2.	Ag. Director, Corporate Services	CPA. Benedict Atavachi
3.	Manager, Product Design and Development	CPA. Judy Kimeto
4.	Manager, Corporate Communications	Mr. Benson Muthendi, OGW
5.	Manager, Human Resources Management	Mr. Denis Bora Bebora
6.	Ag. Manager, Internal Audit	CPA. Ibrahim Musani
7.	Ag. Manager, Finance and Accounts	CPA. Pius Njagi Mwaniki
8.	Ag. Manager, Supply Chain Management	Ms. Belinda Omware
9.	Ag. Manager, Legal Services	Mr. Patrick Odanga
10.	Ag. Manager, Commercial Infrastructure	CPA. Daniel Mathenge
11.	Ag. Manager, Capacity Building & Enterprise Development	Mr. Julius Ireri
12.	Ag. Manager, ICT	Mr. Joseph Alumasa
13.	Ag. Manager, Research, Strategy and Compliance	Ms. Isabella Kathambi
14.	Ag. Manager, Credit, Recovery and Risk Management	Mr. Samuel Njue
15.	Ag. Head of Partnerships and Resource Mobilization	Mr. Morris Murimi
16.	Ag. Manager, Market Support and Linkages	Ms. Christine Achieng

(e) Fiduciary Oversight Arrangements

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

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

Strategy and Business Development Committee

The Committee's mandate is:

- i. Development, review, and implementation of the Fund's Strategic Plan;
- ii. Alignment of strategy to the national development goals and sector performance standards;
- iii. Review of the corporate ICT & Communication policy and oversight its implementation;
- iv. The performance contracting process;
- v. Development/review of loan products;
- vi. Reviewing and recommendation of loans above the Executive Committee threshold and loans to financial intermediaries;
- vii. Review and implementation of the Credit Policy, Commercial Infrastructure Policy, Enterprise Development Policy, Market Support and Linkages Policy, and related policies;

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- viii. Oversee performance and identify areas of improvement in:
 - a) Credit, Recovery, and Risk function;
 - b) Commercial Infrastructure programme;
 - c) Market Support and Linkages programme; and
 - d) Capacity Building and Enterprise Development.
- ix. Undertake any other business as directed by the Board or relevant to the mandate of the Committee.

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

- 1. Ms. Josephine Achunga Oyombe - Chairperson
- 2. Ms. Jacinta Atemba Makokha
- 3. Mr. Abdullulai Hussein
- 4. CHRP Margaret Kiogora
- 5. Mr. Josiah Arabu Moriasi, MBS – Secretary

Finance and Resource Mobilization Committee

The Finance and Resource Mobilization Committee is responsible for the finance, resource mobilization, and procurement functions of the Fund. The terms of reference for the committee include;

- i. Preparation and implementation of the Fund's annual budget
- ii. Preparation and submission of the Fund's financial statements within timelines as stipulated by law and Government policies
- iii. Preparation, monitoring, and presentation of internal YEDF fund documents, including, but not limited to:
 - a) Cash flow statements
 - b) Creditors' & debtors' reports
 - c) Quarterly financial statements
 - d) Financial statements on product performance
- iv. Address any other finance-related matter incidental thereof.
- v. Preparation of the Fund's procurement plans, its alignment with the approved budget and implementation;
- vi. Development and/or review and implementation of the Fund's Resource Mobilization and sustainability strategies;
- vii. The establishment of strategic partnerships and collaborations.

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

- 1. Mr. Symon Ayabei Almaida- Chairman
- 2. CPA. David Mganda Wambete
- 3. Ms. Jacinta Atemba Makokha
- 4. Ms. Josephine Achunga Oyombe
- 5. Mr. Abdullulai Hussein
- 6. Mr. Josiah Arabu Moriasi, MBS – Secretary

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Audit, Risk, and Compliance Committee

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

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

The members who served on this committee during the period under review are as follows:

1. Ms. Caroline Wambui Njue- Chairperson
2. CPA. David Mganda Wambete
3. Ms. Faith Norah Lukosi
4. CHRP Margaret Kiogora
5. Mr. Daniel Kiplangat Mutai
6. CPA Ibrahim Musani- Secretary

Human Resource and Administration Committee

The terms of reference are as hereunder:

- i. Review and implementation of the Fund's organizational structure and enabling Human Resource instruments;
- ii. Address any arising Human Resource matters incidental thereof.
- iii. Maintaining of the Fund's assets inventory and disposal of assets and other administration matters as may arise from time to time;
 - a) Develop, review, and implement corporate branding programmes;
 - b) Review and implementation of the Fund's service delivery charter;
 - c) Provide oversight on the Fund's legal operations;

The members who served on this committee during the period are as follows:

1. Ms. Faith Norah Lukosi- Chairperson
2. Mr. Symon Ayabei Almada
3. Mr. Daniel Kiplangat Mutai
4. Ms. Caroline Wambui Njue
5. Mr. Josiah Arabu Moriasi, MBS – Secretary

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(f) YEDF Headquarters

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

(g) YEDF Contacts

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

(h) YEDF Bankers

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

(i) Independent Auditor

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



(j) Principal Legal Adviser

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

3. The Board of Directors

No.	Directors	Details
1.	 <p>CHAIRPERSON Hon. Fatma Bakari Barayan <i>Date of birth: 12/3/1991</i></p>	<p>Hon. Fatma Bakari Barayan is a Non-Executive Chairperson of the Youth Enterprise Development Fund Board. She is an Advocate of the High Court of Kenya with a Bachelors of Law (LLB) from The University of Nairobi and a Diploma in Law from the Kenya School of Law. Hon. Fatma is the proprietor of Barayan and Associates, a law firm based in Mombasa and founder of Fatma Barayan Foundation championing the interest of youth, women and people living with disabilities. She is a member of Federation of Women Lawyers in Kenya (FIDA).</p> <p>Hon. Fatma Bakari Barayan is a passionate advocate of youth empowerment issues. She has offered pro bono legal advice and representation to youth in Mombasa especially those in the transport industry.</p>
2.	 <p>PRINCIPAL SECRETARY Mr. Jacobs Fikirini <i>State Department for Youth Affairs and the Creative Economy</i> <i>Date of birth: 27/6/1994</i> <i>Served w.e.f: April 2025</i></p>	<p>Mr. Fikirini Jacobs Kato Kahindi serves as Principal Secretary in the State Department for Youth Affairs and Creative Economy, Ministry of Youth Affairs, Creative Economy and Sports, having been appointed on 17th April 2025. He brings extensive experience in youth leadership, public administration, and development planning to his oversight of Kenya's youth empowerment initiatives including the Youth Enterprise Development Fund.</p> <p>Mr. Fikirini holds a Bachelor of Arts in Philosophy from Pwani University, where he served as President of the Pwani University Students' Association where he championed student welfare initiatives and administrative reforms. He previously studied at Maasai Mara University, where he served as Deputy President of the Students Organization.</p> <p>Prior to his current appointment, Mr. Fikirini served as Director of the Governor's Service Delivery Unit in Kilifi County, where he oversaw implementation of the County Integrated Development Plan, coordinated service delivery mechanisms, and ensured alignment between development objectives and community needs. This experience equipped him with practical</p>


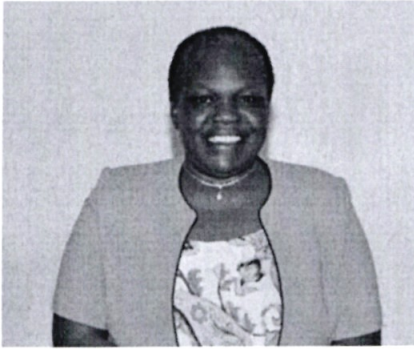
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No.	Directors	Details
		<p>knowledge of development planning, public service delivery, and multi-stakeholder coordination. His background in youth leadership includes extensive work in motivating young people to participate in public affairs and nation-building initiatives.</p>
3.	 <p>ALTERNATE TO PS, YOUTH AFFAIRS AND THE CREATIVE ECONOMY</p> <p>Ms. Margaret Kiogora, MBA, CHRP (K) <i>Date of Birth: 27/7/1984</i></p>	<p>Ms. Margaret Kiogora, MBA, CHRP (k), is the CEO of President's Award Kenya, a seasoned leader with over twelve years of diverse industry experience, including banking, agriculture, tourism, hospitality, and government. She holds an MBA in HR and a BA in International Relations, along with various certificates in management and human resources from esteemed institutions like the Kenya School of Government and the College of Human Resource Management.</p> <p>Previously, she served as the Chief Executive Officer of the National Youth Council. During her tenure in this role, she successfully led a 4-day Youth Summit hosting 20,000 delegates from 40 nationalities, forging strategic partnerships with organizations like UNDP and the MasterCard Foundation. Ms. Kiogora also collaborated with UNDP and the Ministry of Devolution to develop youth policies in ASAL counties. She also held the position of Director of Human Resources and Administration at the National Youth Council, and worked in the banking sector and hospitality industry.</p>
4.	 <p>DIRECTOR ALTERNATE TO PS, NATIONAL TREASURY</p> <p>CPA. David Mganda Wambete <i>Date of Birth: 1/11/1974</i></p>	<p>Mr. Wambete holds a Masters' degree in Economic Policy Management from Makerere University (Uganda), and a Bachelors' degree in Economics from Moi University. He also has a Certificate in Project Appraisal and Risk Management from Duke Centre for International Development, NC (USA).</p> <p>He previously worked as a District Development Officer where he was responsible for the district's overall development planning. Specifically, he oversaw programmes and projects implementation in areas such as Constituency Development (under the Constituency Development Fund), Poverty Eradication (under the Poverty Eradication</p>

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No.	Directors	Details
		<p>Commission), Millennium Development Goals, and HIV/AIDS management among others. Mr. Wambete has undertaken numerous short professional courses within and outside the Country. The courses attended, focused on: Strategic Planning; Policy & Programmes' design and management; Project Management; Monitoring & Evaluation; Resources Management; Quality Management Systems; Performance Management; and Urban Planning. He also holds a Certificate in Senior Management Course.</p> <p>Mr. Wambete is currently a Deputy Director at the National Treasury. He is a Certified Public Accountant and also a Certified Investment and Financial Analyst.</p>
5.	 <p>DIRECTOR Ms. Faith Norah Lukosi <i>Date of birth: 2/9/1990</i></p>	<p>Ms. Lukosi holds a Bachelor of Laws degree from the University of Nairobi. She is a legal and policy consultant specializing in policymaking and legislative processes, youth and gender mainstreaming, and climate justice.</p> <p>In addition to her consulting work, Ms. Lukosi serves young people in various capacities, such as a Global Citizen Mentor under Ireland's Global Youth Network Mentorship Programme, Chairperson of the Nairobi Youth Advisory Group under the National Democratic Institute, and Nairobi Youth Senator under Youth Senate Kenya. Notably, she was appointed as a Technical Committee Member for the review of the National Youth Council Election Guidelines in 2020. She also served as a member of the technical working group responsible for developing the Nairobi City County Youth Policy.</p> <p>She is an independent director and chairs the Human Resource and Administration Committee.</p>




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No.	Directors	Details
6.	 <p style="text-align: center;">DIRECTOR Caroline Wambui Njue <i>Date of birth: 3/2/1985</i></p>	<p>Ms. Caroline Wambui holds a Master's Degree in Law from the University of East London, a Masters in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology (JKUAT), and Bachelors of Science degree (Procurement and Logistics) from the same University. Ms. Njue has also undertaken Executive Education at the Strathmore Business School.</p> <p>She is an independent director and chairs the Audit, Risk and Compliance Committee.</p>
7.	 <p style="text-align: center;">DIRECTOR Jacinta Atemba Makokha <i>Date of birth: 7/9/1959</i></p>	<p>Jacinta Atemba Makokha, is an experienced Gender, Development, and Peace building Strategist, currently serving as the Technical Lead for Tackling Violence Against Women and Girls (VAWG) and Gender Mainstreaming with the REINVENT Programme of the UK's Foreign and Commonwealth Development Office in Kenya. A service she has provided since 2019, backed by Tetrattech International Development.</p> <p>With a career spanning over 35 years, she has collaborated with a diverse range of state and non-state actors, including International Development Agencies, NGOs, and faith-based institutions, consistently introducing gender perspectives in programming and policymaking within Kenya and beyond.</p> <p>Her passion for gender-responsive development drives her collaboration with cross-cultural and multi-disciplinary teams, seeking to ensure inclusivity at every level—national, regional, and international. As a leading strategist, planner, and practitioner, her extensive experience has made invaluable contributions to the design, implementation, and leadership of various programs aimed at prevention and response mechanisms.</p> <p>Jacinta's academic credentials include an MSc in Urban Development Planning from the University of London and a BA in Sociology and Government from</p>


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No.	Directors	Details
		<p>the University of Nairobi. She has further broadened her expertise with certificates in Peace Building and Conflict Management from the Eastern Mennonite University, USA, and a training certificate in Reconciliation from the Duke School of Divinity, Centre for Reconciliation, North Carolina, and USA.</p> <p>Her global experience is vast, having worked in several countries such as Kenya, South Sudan, Zambia, Tanzania, Uganda, Ethiopia, Somaliland, Congo Brazzaville, Rwanda, Burundi, Democratic Republic of Congo, Sierra Leone, Pakistan, Israel, South Africa, Afghanistan, Norway, Switzerland, Germany, and the Netherlands, among others.</p> <p>She is an independent director.</p>
8.	 <p>DIRECTOR Josephine Achunga Oyombe <i>Date of birth: 6/9/1987</i></p>	<p>Josephine Oyombe holds Master's degree in International Trade & Investments Law from the University of Nairobi, a Certified Company Secretary (CS) and a Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya.</p> <p>She has vast experience in Litigation & Alternate Dispute Resolution, Corporate and Commercial Law, Conveyancing, and Intellectual Property, Trial Advocacy, Patent applications and Climate change law. Prior to her current role, she served as the Legal Services Manager at the Kenya Film Commission from Sep. 2018 to Sept. 2021 where she managed legal affairs and influenced strategic decision-making.</p> <p>Ms. Oyombe has contributed to corporate law, litigation, and intellectual property. She is an active member of the (LSK), FIDA Kenya, and Associate Chartered Institute of Arbitrators (CIARB).</p> <p>She chairs the Strategy and Business Development Committee.</p>

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No.	Directors	Details
9.	 <p style="text-align: center;">DIRECTOR Symon A. Almaida <i>Date of birth: 12/12/1988</i></p>	<p>Mr. Symon Ayabei Almaida chairs the Finance and Resource Mobilization Committee of the Board. He has a Higher Diploma from the Bartek Institute and a Diploma in Co-operatives Management.</p> <p>Mr. Almaida is passionate about social, community and economic development issues and is actively engaged in youth and community empowerment programmes such as reforestation and sustainable development.</p> <p>He is an independent director and chairs the Finance and Resource Mobilization Committee.</p>
10.	 <p style="text-align: center;">DIRECTOR Daniel K. Mutai <i>Date of birth: 1/1/1961</i></p>	<p>Mr. Daniel Kiplagat Mutai holds a Bachelor's Degree in Education from Egerton University and a Diploma in Education from Kenya Science Teachers College. Mr. Mutai is passionate about youth issues and has mentored hundreds of youth some of them occupying prominent positions in leadership in Kenya. He has a wealth of experience in facilitating youth to set career and lifelong goals.</p> <p>He is an independent director</p>
	 <p style="text-align: center;">DIRECTOR: Mr. Abdullulahi Hussein <i>Date of Birth: 20/8/1990</i> <i>w.e.f: 18/12/2024</i></p>	<p>Mr. Abdullulahi Hussein is the head of shariah compliant fund at CPF and also serves as the regional head, that manages the counties in the eastern and north eastern region that have predominantly Muslim majority. He has an MBA from Strathmore business school. He is AAOFI certified among other Islamic professional courses.</p> <p>He has worked on a paper on Islamic finance and the pension industry. He wrote the first concept paper on establishing the fund at CPF that paved way for registration of the biggest shariah compliant pension fund in the country. (SALIH)</p> <p>He is an independent director</p>

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No.	Directors	Details
11.	 <p>SECRETARY TO THE BOARD: Mr. Josiah Arabu Moriasi, MBS <i>Date of Birth: 1/1/1978</i></p>	<p>Mr. Josiah A. Moriasi is currently pursuing a PhD in Business Administration. He holds an MBA in Management and Finance from Kenyatta University, a Bachelor of Arts in Economics and Mathematics from Egerton University, and a Higher Diploma in Human Resource Management. Mr. Moriasi is a Certified Secretary and Investment Analyst (CSIA) as well as a Certified Public Secretary (CPS).</p> <p>He joined YEDF as CEO in November 2016, bringing with him experience in Corporate Governance, Performance Management, Human Relations and Development, Change Management, Investment, Project Monitoring and Evaluation, Pension Scheme Management, Guidance and Counselling, Democracy and Governance, and Corporate Leadership. Prior to his appointment, Mr. Moriasi worked with the Lake Victoria South Water Services Board in various capacities, including serving as the Chief Manager of Corporate Planning.</p>

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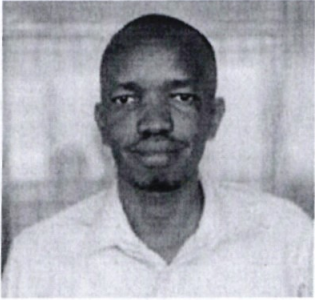

4. Key Management Team

No.	Manager	Details
	 <p>Mr. Josiah Arabu Moriasi, MBS Holds a Master of Business Administration (MBA) in Management and Finance, a Bachelor of Arts degree in Economics and Mathematics, and a Higher Diploma in Human Resource Management. He is a Certified Investment and Financial Analyst (CIFA), a Certified Public Secretary (CPS), and a member of the Institute of Certified Investment and Financial Analysts (ICIFA).</p>	<p>Chief Executive Officer</p>
	 <p>CPA. Benedict Atavachi Holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce degree in accounting. He is a Certified Public Accountant of Kenya [CPA (K)] and a member (ICPAK).</p>	<p>Ag. Director Corporate Services</p>




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No.	Manager	Details
	 <p>CPA. Judy Kimeto Holds a Master of Business Administration (MBA) and a Bachelor's degree in Business Administration. She is a Certified Public Accountant of Kenya [CPA (K)] and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>	<p>Manager, Product Design and Development</p>
	 <p>Mr. Benson W. Muthendi, OGW Holds a Bachelor of Education (B.Ed.) Honours degree in Arts, a Diploma in Public Relations Management, a Diploma in Management, and a Certificate in Communication Technologies.</p>	<p>Corporate Communications Manager</p>
	 <p>Mr. Denis Bora Bebora CHRP (K) Holds a Master of Business Administration (MBA) in Strategic Management, a Bachelor of Business Administration (BBA), and a Higher Diploma in Human Resource Management (KNEC).</p>	<p>Manager, Human Resource and Administration</p>




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No.	Manager	Details
	 <p>CPA Ibrahim Musani Holds a Bachelor of Commerce degree in Accounting, a Higher Diploma in Human Resource Management, a Diploma in Supplies Management (KNEC), is a Certified Public Accountant (CPA (K)) and a Certified Secretary (CSK), and a member of the (ICPAK).</p>	<p>Ag. Manager, Internal Audit</p>
	 <p>Belinda Omware Holds a Bachelor of Business Administration degree in Supply Chain Management with IT, a Diploma in Management, Purchasing and Supplies (KIM), and is a member of (KISM).</p>	<p>Supply Chain Officer</p>



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No.	Manager	Details
	 <p>Mr. Joseph Alumasa Holds a Bachelor of Business Administration degree in Management Information Systems and a Diploma in Business Administration.</p>	<p>Ag. Manager, ICT</p>
	 <p>Mr. Julius Ireri Holds a Master of Science in Entrepreneurship, a Bachelor's degree in Business Management (Marketing), a Certificate in Strategic Management, and a Diploma in Total Quality Management.</p>	<p>Ag. Manager, Capacity Building & Enterprise Development</p>
	 <p>CPA. Daniel Mathenge Holds a Master of Arts in Economics, a Bachelor of Arts in Economics, and is a Certified Public Accountant (CPA-K) as well as a member of (ICPAK).</p>	<p>Ag. Manager, Commercial Infrastructure</p>


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No.	Manager	Details
	 <p>Mr. Morris Murimi Holds Masters' Degree in Business Administration and Bachelor's Degree in Business Administration</p>	<p>Ag. Head of Partnership and Resource Mobilization</p>
	 <p>Ms. Isabella Kathambi Holds a Master's of Science Project Management and Bachelors of Commerce.</p>	<p>Ag. Manager, Research, Strategy and Compliance</p>
	 <p>Mr. Patrick Odanga Holds a Diploma in Law, International University of Professional Studies</p>	<p>Ag. Manager, Legal Services</p>

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No.	Manager	Details
	 <p>Mr. Samuel Njue Holds a Master of Business Administration in Strategic Management, a Bachelor of Business Administration, and is a Certified Public Accountant (CPA II).</p>	<p>Ag. Manager, Credit Recovery and Risk Management</p>
	 <p>Ms. Christine Achieng Holds a degree in communication and Media Technology and a Diploma in Marketing.</p>	<p>Ag. Manager, Market Support and Linkages</p>

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No.	Manager	Details
	 <p>CPA. Pius Mwaniki Holds a Master of Science in Finance, a Bachelor of Commerce in Finance, is a Certified Public Accountant (CPA (K)) and a Certified Secretary (CSK). Higher Diploma in Human Resource Management, a Diploma in Supplies Management, and a Diploma in Business Administration (KNEC). A Member of (ICPAK).</p>	<p>Ag. Manager, Finance and Accounts</p>

5. Chairperson's Statement

I am delighted to present the Annual Report and Financial Statements of the Youth Enterprise Development Fund for the fiscal year ending 30th June 2025. This year was characterized by significant achievements in the empowerment of the youth of Kenya through strategic partnerships and innovative financing. Despite operating within a challenging financial environment, the Fund demonstrated resilience by posting internally generated revenue growth of 33% to Kshs 119.31 million while strategically investing in capacity expansion and technological infrastructure that will drive future performance.

The Board's oversight during this period focused on ensuring sustainable growth and institutional transformation. Our governance framework enabled effective decision-making through 4 full Board meetings and 13 board committee sessions, which maintained rigorous oversight while supporting management's operational innovations. During this period, the term of Independent Board Director Faith Lukosi came to an end and she was succeeded by Director Abdullulahi Hussein, who joined in December 2024. The Board's four committees provided focused expertise in strategy development, financial management, risk oversight, and human resource governance. This ensured comprehensive organizational stewardship that balances growth ambitions with prudent risk management.

Strategic transformation dominated our agenda as we developed and approved the Fund's fourth Strategic Plan covering 2024-2028. This plan established clear priorities for accessible financing, enhanced economic opportunities, comprehensive business development services, strengthened institutional capacity, and diversified resource mobilization. This strategic foundation guided our decision to reengineer loan products, aligning them with the government's Bottom-Up Economic Transformation Agenda while developing innovative solutions like our "Go Green" product that positions young entrepreneurs at the forefront of environmental sustainability and climate action.

The Board's strategic focus on resource mobilization yielded exceptional results during this challenging fiscal period. Following National Treasury Circular No. 6/2024 directing budget reductions to address a Kshs 346 billion financing gap, the Board approved aggressive resource mobilization strategies that secured significant additional funding. Our lobbying efforts with the National Treasury and National Assembly resulted in Kshs 50 million in additional recurrent expenditure and Kshs 200 million for the Labour Mobility programme. Most significantly, the Board's strategic advocacy secured Kshs 317 million in development allocation for FY 2025/26, reversing the zero allocation initially proposed.

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Governance excellence remained central to our operations, with the Board maintaining strict adherence to constitutional requirements, Public Finance Management Act provisions, and Mwongozo principles. Our commitment to transparency and accountability guided every decision, from approving revised credit policies to endorsing digital transformation initiatives. The Board ensured that all strategic investments, including the implementation of the Enterprise Resource Planning system, were consistent with our mandate and resulted in tangible improvements in operational efficiency and service delivery.

As we advance into a new fiscal year, the Board remains confident in the Fund's trajectory and committed to supporting management in delivering transformational impact for Kenya's youth. I extend my sincere appreciation to my fellow board members for their dedication and expertise, to our management team led by CEO Josiah Arabu Moriasi for their exceptional leadership, and to all staff members whose commitment makes our achievements possible. Special gratitude goes to our strategic partners, development agencies, and the Government of Kenya for their continued support in advancing our shared vision of youth empowerment.



Hon. Fatma Bakari Barayan
Chairperson of the Board
Youth Enterprise Development Fund

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6. Report of the Chief Executive Officer

The financial year ending 30 June 2025 marked a period of exceptional progress for the Youth Enterprise Development Fund. During this time, we achieved unprecedented operational efficiency, disbursing more than Kshs 410 million to young entrepreneurs and implementing transformative changes in how we deliver our services across all 47 counties. This report outlines the systems improvements, financial stewardship, and program innovations that shaped our performance over the past year.

Our financial management remained disciplined and strategic, even under challenging conditions. Internally generated revenue grew by 33 percent to reach Kshs 147,412,940, a result of enhanced loan product performance and improved collections. Expenditure totaled Kshs 430,097,526. A shortfall in funding was experienced during the year, which reflects deliberate investments in our technology infrastructure and staff capacity. With a 100 percent absorption rate of allocated funds, we ensured that nearly every shilling contributed directly to service delivery.

The transformation of our credit operations stood out as the year's most significant operational achievement. Loan disbursements rose by 127 percent to Kshs 410,398,787, driven by the rollout of our new Enterprise Resource Planning system, now 90 percent complete. This platform has reshaped our operations, reducing loan processing times from weeks to days, increasing staff productivity, and allowing real-time tracking that has improved our responsiveness to client needs. We also recorded a strong loan recovery performance, collecting Kshs 289,656,910. These results point to both strengthened collection systems and the growing success of youth-led businesses.

Beyond lending, our approach to program delivery has evolved to meet the real challenges faced by young entrepreneurs. At least 60,000 youth were sensitized on how to identify business opportunities. Entrepreneurship training reached over 52,264 youth, supported by curriculum updates focused on financial literacy, market analysis, and pricing strategies. We also advanced our work on market support and linkages for 2,100 youth-led enterprises. Rather than offering introductions alone, our teams worked to equip youth with the skills needed to navigate procurement systems, meet quality standards, and sustain relationships with buyers. As a result, many of our beneficiaries have transitioned from informal operations to becoming suppliers for national retailers.

Support for business infrastructure reached 2,673 youth through innovative shared facility models. These spaces, designed for collective use, provide access to equipment, storage, and work areas, while also serving as peer learning environments. Entrepreneurs with more experience now regularly mentor newer

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entrants, fostering a culture of collaboration and continuous learning. At least 1,962 youth were facilitated to take up job opportunities abroad through the Fund's Youth Employment Scheme Abroad (YESA).

Technology continues to play a central role in our transformation. Mobile platforms now allow youth in remote regions to access learning resources, submit applications, and receive guidance without visiting a physical office. An 80 percent reduction in paper usage has brought environmental benefits while improving processing speed and data accuracy. As a result, digital literacy is now a standard part of all our programs, reflecting the realities of modern enterprise.

Our lending practices have also adapted to better serve youth without traditional collateral. Risk assessment now includes cash flow reviews, character references, and group guarantees rooted in community accountability. These methods, combined with training and support, have allowed us to expand reach while maintaining portfolio quality, as reflected in improved loan recovery.

When budget constraints arose, operational resource mobilization ensured that no program was halted. Engagement with the National Treasury secured Kshs 50 million in additional recurrent funding and Kshs 200 million for Labour mobility programmes. Most notably, the Kshs 493 million Youth Empowerment and Action Kenya project was approved for the next financial year, aiming to reach one million youth with comprehensive entrepreneurship support.

Strategic international partnerships further expanded our capacity. A USD 64,921 grant from FAO is helping to develop agripreneurship curriculum in six pilot counties. The International Labour Organization contributed Kshs 7 million through a broader Kshs 120 million program. Our collaboration with the African Center for Technology Studies brought clean energy workshops to our youth network, while a Kshs 94 million proposal to the Mastercard Foundation is currently under evaluation, aimed at scaling youth-led enterprise support.

Our staff of 225 has adapted well to these changes. Comprehensive skills assessments identified development needs, and tailored training strengthened both digital and customer service competencies. With gender representation at 56 percent male and 44 percent female, we continue to promote inclusive employment and decision-making.

Looking ahead, our focus will be on scaling what works and closing remaining gaps. By mid-2025, fully online loan applications will be operational, dramatically improving accessibility in underserved areas. The introduction of single-digit interest products is underway, requiring careful planning to balance affordability with sustainability. Investments in data analytics will support better risk assessments and enable us to tailor services to individual business needs.

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This year's performance shows that the Youth Enterprise Development Fund is no longer just a lender. We have evolved into a full-spectrum business development partner for Kenya's youth. With strengthened systems, a committed team, and a clear vision, we are ready to serve more young entrepreneurs than ever before. Their innovation, ambition, and resilience remain our greatest motivation as we continue building an inclusive and successful future for all.



Josiah Arabu Moriasi, MBS
Chief Executive Officer

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**7. Statement of Youth Enterprise Development Fund Performance against
Predetermined Objectives for FY 2024/2025**

The Fund has five key result areas in its Strategic Plan for the FY 2023/2024- 2027/2028.

The Key Result Areas (KRA) include:

KRA 1: Accessible and Affordable Business Finance;

KRA 2: Youth Access to Priority Value Chains;

KRA 3: Capacity and Business Sustainability;

KRA 4: Strengthening Institutional Capacity; and

KRA 5: Resource Mobilization and Strategic Partnerships.

Further, the Fund's strategic objectives have been devised from the key thematic areas as outlined in the strategic plan. Assessment of the Fund's performance against its performance targets was done on a quarterly basis, through the performance contracting progress reports. The Fund performance targets as set out for the FY 2024/2025 period are as indicated in the table below:

Key Result Area	Objective(s)	Key Performance Indicator(s)	Activities	Achievements
Accessible and Affordable Business Finance	Increase availability of financial services	No. of new loan products	Introduce new loan products and adopt new ways of lending to youth beneficiaries	Labour mobility loan product rolled out Loan disbursement process done through the ERP system
		Amount disbursed to youth entrepreneurs	Disburse loans to youth through the various products	Disbursed loans worth Kshs. 410,398,787 to youth
	Grow the revolving Fund kitty	Amount of loans recovered	Enhance loan recovery efforts	Recovered Kshs. 289,656,910 of
Youth Access to Priority Value	Support youth identify diversified	No. of youth supported to identify businesses	Sensitize youth on available business	60,000 youth sensitized on available opportunities

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Capacity and Business Sustainability	Promote market support services	No. of youth supported to market their products	Support youth to market their products	2,100 youth supported to market their products
	Capacity build youth on entrepreneurial skills	No. of youth capacity built	Train youth on entrepreneurial skills	52,264 youth trained on entrepreneurial skills
	Promote access to trading spaces	No. of youth facilitated to access trading spaces	Facilitate youth to access trading spaces	2,673 youth facilitated to access trading spaces
	Enhance employment opportunities in the international labour market	No. of youth facilitated to acquire jobs abroad	Support youth to acquire jobs abroad	1,962 youth supported to acquire jobs abroad
Strengthening Institutional Capacity	Digitalization of processes and services	No. of processes and services digitized	Onboard services to the ERP system	ERP system was completed with 7 services digitized
	Ensure compliance with relevant statutory requirements and	No. of compliance reports submitted to relevant authorities	Submit reports to relevant authorities Comply with statutory deductions	Reports submitted on time (PC reports, financial reports)

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	Strengthen Human Resource management	No. of staff trained on core competencies	Undertake a staff training needs assessment and facilitate training	Training need assessment done. Only 5 staff were trained due to limited budget
Resource Mobilization and Strategic Partnerships.	Strengthen financial sustainability	Revised strategy	Review and implement a partnership and resource mobilization policy and strategy	The strategy was revised and approved To be fully implemented in the next financial year
	Build strategic partnerships and nurture donor relations	No. of partners onboarded	Nurture relationships with partners	4 partners onboarded during the financial year
		Amount mobilized/raised from resource mobilization initiatives	Lobby and mobilize funds in-cash or in-kind from strategic development	The Fund raised Kshs. 119,308,579 from various sources as internal revenue

The Fund continually scans the environment in which it operates in a bid to ensure it optimizes on its strengths, mitigates its weaknesses and threats, and capitalizes on available opportunities. This is done taking cognizance of the political, economic, social, technological, and legal factors affecting its service delivery.

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8. Corporate Governance Statement

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

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

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

Meeting	No. of Meetings	Attendance Rate
Full Board	4	71.0%
Special Full Board	1	75%
Finance & Resource Mobilization	5	86.0%
Strategy & Business Development	4	98%
Human Resource & Administration	4	87%
Audit, Risk & Compliance	4	98%

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

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

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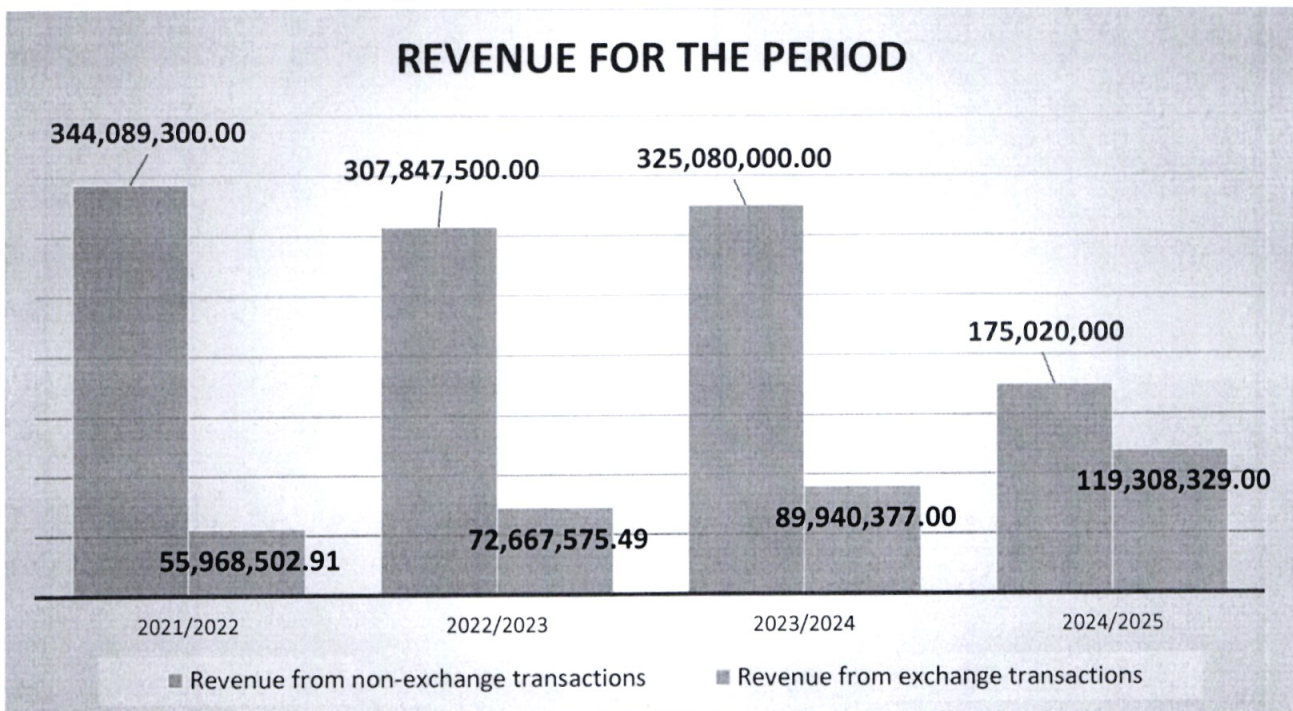
desirable. During Board meetings, members are required to declare any conflict of interest they may have over any of the agendas to be deliberated; this is then captured and/or recorded in the minutes and the declarations of interest book. The office of the Auditor General is responsible for auditing the Fund’s books and systems annually, however, the Fund on a need basis may conduct an independent legal/governance audit.

9. Management Discussion and Analysis

Operational and Financial Performance

During the year, the Fund operated in a challenging fiscal environment arising from the Revised Fiscal Framework, which required budget reductions across all government entities. This measure placed pressure on operational capacity and required the Fund to strengthen its own revenue sources to bridge funding gaps. Despite these constraints, the Fund delivered significant outcomes aligned to its strategic objectives of youth empowerment, financial sustainability, and operational efficiency.

Total revenue for the year was Kshs 294,328,579 against total expenses of Kshs 400,999,165, resulting in a deficit of Kshs 106,670,586. Absorption of allocated funds stood at 97 percent, reflecting strong budget execution. The funding gap was addressed through resource mobilisation and prudent cost management, ensuring continuity of priority programmes.



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The sharp reduction in revenue for FY 2024/2025 was primarily driven by a significant cut in the national treasury allocation—from Kshs 325.08 million to Kshs 175.02 million—following Treasury directives. In June 2024 the National Treasury issued Circular No. 6/2024 requiring all Ministries, Departments and Agencies to reduce their FY 2024/25 budgets to help close a Kshs 346 billion financing gap and align agency budgets with the Revised Fiscal Framework; the Circular also directed institutions to strengthen own-source revenue mechanisms to bridge budget shortfalls. In response, the Fund intensified efforts to diversify funding sources and revenue streams, aligning its actions with national fiscal priorities, the Medium-Term Plan and Kenya Vision 2030.

The Fund offers a range of loan products accessible to youth across Kenya to support enterprise creation, expansion, and employment pathways. These products are tailored to sector needs and are complemented by training, market linkages, and, where applicable, pre-departure support. The following are the Fund’s loan products:

No	Loan	Amount	Details
1	Group loans	Kshs. 100,000 - 500,000	<ul style="list-style-type: none"> Advanced to youth in registered groups A minimum of 5 members For group owned projects Mainly targets business startups. Groups start with Kshs. 100,000 and graduate to Ksh. 1 million Interest free
2	Business Startup and expansion loan	Kshs. 100,000 –5M	<ul style="list-style-type: none"> Advanced to individuals, companies, partnerships and registered businesses Amounts range from Kshs 100,000 to Kshs. 5 Million Interest of 8 % p.a
3.	Asset Finance loan	Kshs. 100,000 – 5 Million	<ul style="list-style-type: none"> Advanced to individuals, companies, partnerships and registered businesses who wish to purchase business assets The Fund finances up to 75% value of the asset One can access up to Kshs. 5 million Interest of 8% p.a
4	Agri Bizz loan	Kshs. 100,000 - 1M	<ul style="list-style-type: none"> For youth who wish to start or expand agricultural related businesses including purchase of equipment and working capital Targets individuals, registered groups, youth partnerships and companies Youth can access up to Kshs. 1 million. Interest of 8%

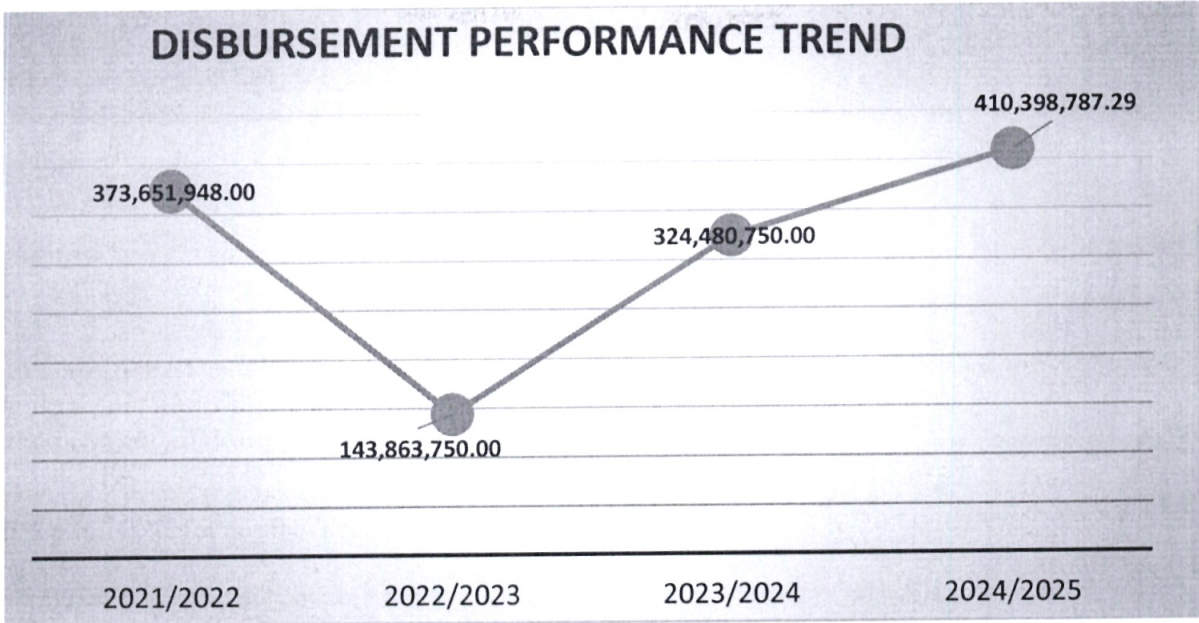
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5	V-Talanta Loan	Kshs. 100,000 - 2M	<ul style="list-style-type: none"> • Targets youth in the Creative/Performing Arts • Applicant may be an individual, registered group, partnership or youth owned companies • Loan may be used for working capital or to purchase talent related equipment • Loan amount is up to Kshs. 2 Million. • Interest free
6	LPO financing for AGPO	Kshs. 100,000 - 3M	<ul style="list-style-type: none"> • Supports youth participating in government tenders under the AGPO programme • Finances tenders from ministries, parastatals, county governments and constitutional commissions • Loan amount is up to Kshs. 3 Million. • We finance up to 70% value of LPO/LSO
7	Go Green Finance	Kshs. 20,000 – 2million	<ul style="list-style-type: none"> • Supports youth entrepreneurs in the green economy including projects such as renewable energy, eco-tourism, waste management, organic farming, afforestation, carbon credits etc • Attracts an interest of 8% p.a.
8	VIBE	Kshs. 50,000- 1Million	<ul style="list-style-type: none"> • Supports youth who wish to start and grow businesses in the blue-economy • Busienses supported include those in fisheries, aquaculture, marine tourism, marine biotechnology, maritime transports, coastal conservation among others • It can be used for working capital ro to purchase assets for both startups and expansions • Attracts an interest of 8% p.a.
9	Migration loan	Kshs. Up to Shs. 300,000	<ul style="list-style-type: none"> • Advanced to youth who have secured employment opportunities abroad • Advanced to private recruitment agencies (on behalf of youth with employment contracts) • It covers costs such as obtaining passports, securing VISA, purchasing airticket, undergoing medical examinations and vaccination, predeparture training among others • Attracts an interest of 8% p.a

The figure below shows percentage product distribution of Disbursements for the financial year 2024/2025.

Credit delivery remained central to the Fund’s mandate of providing affordable financing to youth enterprises. During the year, loans worth Kshs 410,398,787 million were disbursed, while recoveries amounted to Kshs 289,656,910 million. These recoveries strengthened the revolving fund and supported liquidity for further lending. Efficiency in credit processing was enhanced through improved oversight and streamlined approval procedures, contributing to the higher disbursement and repayment performance.

Disbursements Performance Trend Analysis from FY 2019/2020 – FY 2024/2025



In the same period, YEDF reengineered its loan products to adapt to the dynamic needs of the youth and emerging global issues like climate change and the blue and green economies. The Credit Policy and Procedures Manual was reviewed to enhance resource mobilization and ensure the Fund's sustainability.



Photo: Cheque issuance in Mombasa County for group lending

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Photo: Asset Financing

The Fund expanded its enterprise development initiatives to build youth capacity and enhance self-reliance. At least 60,000 youth were sensitized on how to identify business opportunities. Entrepreneurship training reached over 52,264 youth, supported by curriculum updates focused on financial literacy, market analysis, and pricing strategies. Market access support reached 2,100 youth enterprises, enabling them to secure business opportunities and increase market presence. Commercial infrastructure support was extended to 2,673 youth businesses, up from 2,142 in the previous year, indicating growth in targeted interventions to strengthen business sustainability. At least 1,962 youth were facilitated to take up job opportunities abroad through the Fund's Youth Employment Scheme Abroad (YESA).

Resource mobilisation efforts produced measurable results in supplementing exchequer funding. Through sustained engagement with the National Treasury and Parliament, the Fund secured Kshs 50 million for recurrent expenditure and Kshs 200 million for the Labour Mobility programme. The development budget for FY 2025/26 was enhanced by Kshs 317 million from a zero allocation in the current year. Direct and in-kind support from strategic partners for the

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financial year 2024/2025 amounted to Kshs 31,288,375, which supported various operational activities.

Several new and ongoing partnerships contributed to programme delivery. A grant of USD 64,921 from the Food and Agriculture Organization supported the development of a national agripreneurship curriculum. Participation in the International Labour Organization's Inclusive Decent Employment and Productive Livelihoods Project allocated approximately Kshs 7 million to fund activities, while collaboration with the African Centre for Technology Studies supported clean energy entrepreneurship workshops. A Kshs 94 million proposal to the Mastercard Foundation is under review.

Variance from targets during the year arose mainly from delays in exchequer releases, which required adjustment of programme timelines and output targets. Despite this, higher loan recoveries and increased fee income provided additional operational flexibility, enabling the Fund to maintain progress towards its performance contracting commitments.

Looking ahead, the Fund will continue implementing the Strategic Plan 2024–2028, with a focus on diversifying revenue sources, enhancing operational efficiency through technology, and expanding partnerships. These measures are expected to strengthen financial sustainability and improve service delivery to the youth.

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10. Environmental and Sustainability Reporting

The Fund exists to transform the lives of Kenya's youth who are the largest demographic group in the country (approximately 70% of the population). This mission drives our establishment and priorities; accordingly, our strategy places young people at the center of all programmes, service delivery, and operational improvements.

Below is an outline of the Fund's policies and activities that support long-term sustainability.

Sustainability strategy and profile

YEDF operates within a challenging environment characterised by multiple risk exposures that affect its long-term stability. These include inadequate and unpredictable funding from the exchequer, negative public perceptions, and long-standing policy discussions on the possible merger of affirmative funds dating back to 2013. Such uncertainty has complicated efforts to attract and retain donor and strategic partner support. In addition, the growing presence of technology-driven micro-lenders has intensified competition and eroded parts of the Fund's target market.

In June 2024, the National Treasury issued Circular No. 6/2024 directing all Ministries, Departments and Agencies to reduce their FY 2024/25 budgets to help close a Kshs. 346 billion financing gap and align agency budgets with the Revised Fiscal Framework. The Circular also required institutions to strengthen own-source revenue mechanisms to bridge budget deficits. In response, the Fund intensified efforts to diversify both funding sources and revenue types, aligning its actions to national fiscal priorities, the Medium-Term Plan and Kenya Vision 2030.

During the year the Fund prioritised resource mobilisation to support the annual work plan and performance contracting targets. Management engaged directly with the National Treasury and the National Assembly, submitting justifications and proposals requesting Kshs. 200 million for development expenditure, Kshs. 200 million for recurrent expenditure, and Kshs. 650 million for the Labour Mobility Programme. As a result of these engagements, the Fund secured an additional Kshs. 50 million for recurrent expenditure through Supplementary Budget II, Kshs. 200 million for the Labour Mobility Programme, and an enhancement of the FY 2025/26 development allocation by Kshs. 317 million (up from a zero allocation in the current year).

Programmatic adjustments and product development have supported both impact and revenue generation. The Fund expanded its pre-departure training programme to reach a broader client

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base within the labour migration space, equipping youth with the skills to succeed abroad while generating training fees. The Labour Mobility Loan remained a core product, contributing to income through loan fees and interest while offering essential financial support to beneficiaries.

Donor and development partner engagement played a pivotal role during the year. Key achievements include:

- A grant of USD 64,921 from the Food and Agriculture Organization (FAO) to support the Sustainable Youth Agripreneurship Programme and to develop and pilot a National Agripreneurship Training Curriculum across six counties.
- Participation in a clean-energy entrepreneurship project led by the African Centre for Technology Studies (ACTS), funded by the International Development Research Centre (IDRC); initial workshops have commenced.
- Onboarding into the Inclusive Decent Employment and Productive Livelihoods Project (implemented by the International Labour Organization and ForumCiv and funded by SIDA), running until 2028 with a tentative allocation of Kshs. 7 million for YEDF activities.
- Submission of a Kshs. 94 million proposals to the Mastercard Foundation, currently awaiting evaluation.

The Fund also continued to leverage partnerships for in-kind support from public and private sector entities. Notable contributors included Equity Bank Limited, Awards Training Kenya, the County Governments of Bomet, Kericho, and Trans Nzoia, Kingdom Bank, the Kenya Revenue Authority, and the National Construction Authority. Both financial and non-financial (in-kind) contributions were critical in meeting annual targets and supplementing limited cash resources.

Operational efficiency and credit oversight were prioritised throughout the year. The reconstituted Credit Committee worked to improve loan processing efficiency, which led to higher disbursements and increased income from loan processing fees. Strengthened credit management processes also contributed to improved loan recoveries, supporting the Fund's financial resilience.

Finally, long-term sustainability is anchored in continued implementation of major institutional strategies: the Strategic Plan (2024–2028), the Digital Transformation Strategy, and the Business Process Re-engineering (BPR) Strategy. Collectively, these initiatives are designed to enhance

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efficiency, improve service accessibility, optimize internal processes, and position YEDF to deliver sustained value to Kenya's youth.

i) Environmental performance

The Youth Enterprise Development Fund places environmental sustainability at the centre of its mandate. In the 2024/25 financial year, the Fund strengthened its internal systems and external programmes to align with national environmental priorities and international sustainable development goals.

The Fund concluded a full review of its environmental policy. The updated framework aligns with current legislation and development standards. It improves regulatory compliance, introduces environmental considerations into operational decisions, and promotes greater awareness among staff and stakeholders. The revised policy includes provisions for monitoring and evaluation to ensure accountability and improvement over time. Implementation began during the reporting period and now guides the Fund's day-to-day operations.

Several environmental achievements were recorded during the year. The Fund planted 6,000 trees in Nyeri, Kilifi, and Baringo counties. These activities were carried out in partnership with local communities and county governments. Each site was selected based on ecological suitability, and long-term maintenance plans were developed to ensure high survival rates and measurable impact.

The "Go Green" loan product continued to support youth-led enterprises in sectors such as renewable energy, sustainable agriculture, eco-tourism, waste management, and afforestation. Beneficiaries received more than funding. They were also trained on environmental compliance and supported in accessing certification and markets with a focus on sustainable products.

The digital transformation process improved the Fund's environmental performance. The Enterprise Resource Planning system, now nearly complete, has replaced over 85 percent of paper-based processes. This change has reduced paper consumption and waste. It has also improved record-keeping, decision-making, and operational speed.

Environmental training was introduced in all entrepreneurship programmes. New curriculum content includes sustainable business practices, environmental standards, and opportunities in the

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green economy. These additions help youth design enterprises that meet both economic and environmental goals.

The Fund took part in national reforestation efforts. This included contributing to the government's 15-billion tree target. Tree planting events were held in the three counties, and staff across all 47 counties participated in National Tree Growing Days. Employees also planted trees in their home communities. These activities built a culture of environmental responsibility across the institution.

Offices of the Fund adopted new resource conservation measures. Water-saving fixtures were installed to reduce consumption. Waste separation and recycling systems were introduced. These changes demonstrate the Fund's commitment to environmental responsibility and provide a practical example that youth entrepreneurs can replicate in their own businesses.

The loan evaluation process was updated to include environmental screening. Officers now assess the potential environmental impact of projects before approval. This ensures that supported enterprises meet acceptable standards and avoid activities that may harm the environment.

In the coming year, the Fund will expand its environmental programming. This will include a larger tree planting target, new partnerships with environmental institutions, and increased funding options for green businesses. Full implementation of the revised environmental policy will ensure that environmental sustainability is reflected in every aspect of programme design and delivery.



YEDF CEO Josiah Moriasi planting a tree during an outreach and sensitization forum in Murang'a County

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*Youth Fund Staff led by Corporate Communications Manager, Mr. Benson Muthendi
planting trees in Nyeri County*

ii) Employee welfare

The Youth Fund is committed to attracting and retaining competent employees required for efficient and effective service delivery.

The Fund is an equal opportunity employer and will not, in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity, or any other form of discrimination.

The management of the Fund's human resources is guided by the following key Human Resource policy instruments:

- a) Human Resource Policies & Procedures Manual;
- b) Career Guidelines; and
- c) Organizational Structure and Staffing.

The above documents support the human resource function in its daily operations in various processes, right from the recruitment and selection to separation process.

The Human Resource Policies & Procedures manual acts as the common reference policy document that guides on the recruitment and selection of members of staff, management, and development of human resources in the Fund. The Fund has tried to observe the one-third rule such that currently the **staff population** is **225**, of which there are **126 male (56%)** and **99 female (44%)** respectively. Moreover, the Fund has considered the one-third rule at t h e

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management level, where the male representation is 59% and the female representation is at 41%.

Youth Fund has continued to enhance employee skills and competence development through training interventions of at least 5 days in a financial year, as stated in the Human Resource Policy Manual. Employees registered with professional bodies are also considered by paying their annual subscription fee accordingly.

Staff performance appraisal is a critical component of the human resource management function. The appraisal system is to manage and improve performance by enabling a higher level of members of staff participation and involvement in the planning, delivery, and evaluation of work performance. This is done through the setting of work plans in the financial year based on the Strategic Plan and Performance Contract by employees and evaluated by the end of the year, and feedback is given to respective employees. Thereafter, the Fund is able to recognize and reward exemplary performance to deserving employees based on the reward policy document.

For continuous improvement in performance, the Fund will strive to provide a better working environment to employees. In this regard, the Fund has provided and implemented health and safety policies in accordance with the provision of the Occupational Safety and Health Act, 2007, so as to prevent and eliminate health and safety hazards and risks at work.

This is shown in the Human Resource Policies and Procedures manual – Section 14: Health, Safety and Environment.

Due to the national and global dynamics, the Fund is flexible to develop and review its relevant policy documents from time to time and whenever necessary depending on the circumstances.

iii) Marketplace practices

The Youth Enterprise Development Fund upholds high standards in marketplace conduct through a framework that promotes ethical behavior, fairness, and transparency. These principles guide every aspect of service delivery and reinforce the Fund's commitment to equitable access for all youth seeking business development support.

Transparent Access and Equal Opportunity

The Fund implements structured outreach and awareness initiatives to ensure broad understanding of loan application procedures. Community forums, county-level campaigns, and digital outreach efforts extend information to youth across all regions and backgrounds. This

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inclusive approach removes barriers linked to education, location, or social affiliation and ensures that any young person with a viable business idea can access Fund services.

Loan eligibility criteria are clearly defined and made available through the Fund's official website, social media platforms, and printed materials. These criteria are presented in simple formats and multiple languages to accommodate different literacy levels. Regular updates ensure continued relevance and accessibility across diverse youth groups.

Integrity in Service Delivery

A strict conflict of interest policy requires staff to declare any potential bias before engaging in loan assessments or approvals. This measure protects the integrity of decision-making and ensures that assessments remain based on business merit. Continuous training equips staff with the knowledge to identify ethical risks and maintain impartiality in their roles.

The Fund has expanded digital systems to promote transparent service delivery. The Enterprise Resource Planning system enables traceable, automated loan processing. Digital records create reliable audit trails and reduce the risk of human interference or preferential treatment. Standardized online application tools support objective initial assessments across all regions.

Anti-Corruption and Ethical Governance

The Fund enforces a zero-tolerance approach to corruption. Staff participate in regular ethics training, and reporting systems allow for confidential feedback and whistleblowing. Any violation results in immediate investigation and disciplinary action. The Fund maintains independence from political processes, ensuring that all operational decisions reflect professional standards rather than political interests.

Internal audits and external reviews validate adherence to ethical practices. These assessments gather input from beneficiaries and other stakeholders, strengthening accountability and encouraging service improvement.

Fair Competition and Market Access

To support fair competition among youth businesses, the Fund delivers uniform training content and uses transparent selection methods in its market linkage programs. No enterprise receives preferential access based on personal connections. Rotation of business opportunities further prevents market concentration and promotes wider participation.

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Loan pricing, interest rates, and service charges follow standardized structures. These terms are regularly benchmarked to market conditions and communicated clearly to all applicants. This prevents unexpected fees and ensures equal treatment.

Stakeholder Engagement and Feedback

The Fund maintains open communication with youth, community representatives, and partners. Feedback is gathered through surveys, consultations, and forums, and is used to inform service design and policy adjustments. Communication channels include toll-free lines, social media, email, and physical offices. Clear response standards guide timely resolution of all inquiries.

Digital Inclusion and Accessibility

All programs incorporate digital literacy training to improve beneficiary access to online services and business tools. Mobile-friendly platforms and simplified user interfaces support participation by youth in rural and underserved areas. Multilingual content and translated materials ensure that language does not restrict access to services or information.

Commitment to Continuous Improvement

Policies and procedures are regularly reviewed to remain aligned with evolving standards in financial governance. The Fund continues to adopt new tools and partnerships to promote transparency, inclusion, and efficiency in all marketplace practices.

viii. Responsible supply chain management and supplier relations

The Youth Enterprise Development Fund (YEDF) shall conduct supplier relations and procurement in full compliance with Kenya's legal and public-finance framework, including the Constitution (Articles 10, 201, and 227), the Public Procurement and Asset Disposal Act, 2015 (PPADA), the Public Finance Management Act, 2012 (PFM Act), and the Leadership & Integrity and Ethics/Anti-Corruption statutes. In line with these provisions, the Fund adopts the following measures:

a. Transparent procurement processes

YEDF conducts open, competitive, and non-discriminatory procurement in accordance with Article 227 of the Constitution and the PPADA 2015. Tendering, evaluation, and award follow documented selection criteria, publicly advertised opportunities, and procurement records are kept for audit and oversight, ensuring compliance with statutory thresholds and value-for-money principles.

b. Clear, enforceable contracts

All supplier engagements are governed by written contracts that reflect the applicable

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procurement award and clearly define the scope of work, deliverables, timelines, performance standards, payment terms, and remedies for breach. Contracts are prepared, signed, and retained in accordance with PPADA and the PFM Act to protect public resources and reduce dispute risk.

c. Open communication and dispute resolution

The Fund maintains regular, documented communication channels with suppliers to enable timely clarification, performance monitoring, and amicable dispute resolution. Communication and records are retained to satisfy audit, procurement review, and transparency obligations set out under PPADA and the PFM framework.

d. Ethical conduct and conflict-of-interest management

YEDF requires staff and suppliers to observe high ethical standards consistent with the Leadership & Integrity requirements and the Ethics and Anti-Corruption legislation. All procurement personnel declare conflicts of interest; any suspected misconduct is reported and handled in accordance with statutory procedures to protect impartiality and fairness.

e. Prompt and accountable payment processes

The Fund strives to honor agreed payment terms and will process supplier invoices through established internal controls consistent with the PFM Act and National Treasury regulations. Timely payments are prioritized to support supplier viability; where payment delays arise, the Fund documents reasons and communicates remedial steps to affected suppliers.

By applying these practices grounded in Kenya's constitutional and statutory procurement and financial management requirements, YEDF ensures responsible, transparent, and sustainable supplier relationships while safeguarding public funds.

a) Responsible marketing and advertisement

The Youth Enterprise Development Fund upholds strong ethical principles in all marketing and communication activities. Policies governing advertising and public messaging place emphasis on honesty, accuracy, and public trust. The Fund communicates transparently with all stakeholders and avoids promotional tactics that could mislead, exaggerate, or exploit the aspirations of young people.

All promotional content is developed under strict internal guidelines. Messages are factual, clear, and aligned with the Fund's core values. Marketing materials describe loan products, eligibility

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conditions, and application procedures without guaranteeing outcomes or overstating success rates. This approach ensures that prospective applicants form realistic expectations and that stakeholder trust remains intact.

A thorough review process governs the development and approval of all communication content. Each item is checked for compliance with legal requirements, ethical standards, and institutional messaging guidelines. These procedures safeguard against misinformation and reinforce the Fund's credibility among youth, government agencies, and development partners.

The Fund's marketing strategy recognizes the diversity of its audience. Materials are designed to accommodate various literacy levels, educational backgrounds, and communication preferences. Formats include infographics, simplified brochures, audio explanations, and local language versions. Visual content reflects cultural contexts across Kenya to ensure that marketing campaigns are relatable and inclusive.

Responsible digital engagement remains a key focus. Social media messaging follows established content standards that prohibit discriminatory language, protect personal data, and avoid pressuring vulnerable individuals into unsuitable financial decisions. The Fund monitors digital engagement closely to ensure appropriateness of content and responsiveness to public feedback. Any concerns raised through online platforms receive timely and professional responses.

Marketing activities prioritize education over promotion. The Fund allocates resources to public awareness campaigns that focus on financial literacy, business development, and responsible borrowing. These campaigns deliver long-term value to youth communities by supporting entrepreneurial growth and informed decision-making, even among individuals not currently seeking loans. This educational focus aligns with the Fund's broader mission of youth empowerment.

Collaboration with external partners follows ethical communication protocols. Media organizations, civil society groups, and academic institutions that support outreach efforts must adhere to shared communication standards. The Fund verifies that partner messages accurately reflect the terms and goals of its programmes before approval and distribution. These safeguards ensure consistent and trustworthy messaging across all channels.

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a) Product stewardship

The Youth Enterprise Development Fund maintains high standards in product stewardship, guided by policies that protect consumers and uphold stakeholder interests. Every product and service offered by the Fund is developed, implemented, and monitored to meet rigorous quality and ethical requirements from inception to delivery and throughout the client relationship.

Quality assurance remains a core focus in both product development and service execution. All new products undergo detailed review during design. This process includes risk assessments, alignment with the Fund's mandate, and relevance to youth entrepreneurship. Implementation follows strict quality controls, and post-disbursement reviews measure performance and beneficiary satisfaction. Product communication is designed to provide clear and accurate descriptions of terms, obligations, and expected results, avoiding misleading language or unrealistic projections.

Educational support forms an integral part of the Fund's approach to responsible product management. Youth beneficiaries receive structured training to build their capacity to manage and apply financial support effectively. Training includes business planning, financial literacy, and access to mentorship. Ongoing support systems help improve the likelihood of business sustainability and successful loan repayment.

Data protection is treated with the utmost seriousness. All personal information collected through application processes is protected using strict security protocols. These include both digital safeguards and physical controls. Beneficiaries are informed about how their data will be used and under what conditions it may be shared with authorized third parties. This approach ensures transparency and strengthens trust.

The Fund has established multiple communication channels that allow beneficiaries to express concerns, provide suggestions, or report service challenges. These include digital platforms, telephone support, and in-person offices. Feedback is tracked, analyzed, and used to improve product design and service delivery. The Fund's responsiveness to youth input helps shape policies and maintain relevance across changing economic conditions.

Product relevance and accessibility are evaluated regularly. Market research, performance tracking, and beneficiary surveys inform necessary adjustments to existing loan products and

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support the development of new solutions. This continuous improvement process reflects the Fund's commitment to delivering practical, effective, and youth-centered financial products.

i) Corporate Social Responsibility

The Youth Enterprise Development Fund implements a corporate social responsibility (CSR) strategy that reflects its commitment to social and environmental impact beyond the core mandate of youth enterprise development. The CSR framework focuses on environmental stewardship, community engagement, social inclusion, and sustainable practices that support national development goals and meet local needs.

Environmental conservation remains a primary area of focus. During the financial year, the Fund coordinated the planting of 6,000 trees across Nyeri, Baringo, and Kilifi counties. These activities were organised in partnership with county governments, local environmental organisations, and community groups. Site selection prioritised areas with high ecological need and potential for long-term environmental benefit. Each location included a maintenance plan to ensure tree survival and sustained impact.

In addition to planting trees, the Fund incorporated environmental education into its CSR efforts. Youth participants received training on sustainable land use, environmental conservation, and climate change mitigation. These sessions equipped young people with practical skills and knowledge to support green entrepreneurship. By linking education with environmental action, the Fund fostered long-term awareness and encouraged responsible business practices among youth.

Community involvement played a key role in all CSR activities. The Fund engaged local leaders, elders, and community-based organisations in project planning and implementation. This collaborative approach ensured alignment with community priorities and encouraged collective ownership of environmental initiatives. Strong local support also enhanced the likelihood of long-term maintenance and care for planted areas.

Fund staff across all 47 counties took part in National Tree Growing Days. Employees contributed their time and effort to tree-planting exercises, reinforcing institutional commitment to sustainability. Their participation promoted internal awareness of environmental issues and created a culture of active involvement in community-focused initiatives.

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The Fund's CSR efforts extend beyond environmental work. It supports educational outreach, local development projects, and initiatives aimed at improving community well-being. These include support for vulnerable groups, awareness campaigns, and partnerships with institutions that share the Fund's values. Each initiative is designed based on community consultations and needs assessments to ensure that interventions are timely, relevant, and impactful.

CSR activities are integrated into the Fund's broader strategy through regular planning, budgeting, and performance tracking. Results are assessed against clear objectives, including community impact, stakeholder engagement, and alignment with national development priorities. Lessons learned from previous initiatives inform future activities and support continuous improvement.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which shows the state of the Youth Enterprise Development Fund's affairs.

i) Principal activities

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

ii) Results

The results of the Fund for the year ended 30th June 2025 are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown below:

- | | |
|---------------------------------|-----------------------------------|
| 1. Hon. Fatma Bakari Barayan | -w.e.f. 20.01.2023 |
| 2. Ms. Jacinta Atemba Makokha | -w.e.f. 24.02.2023 |
| 3. Ms. Josephine Achunga Oyombe | - w.e.f. 24.02.2023 |
| 4. Mr. Daniel Kiplangat Mutai | - w.e.f. 24.02.2023 |
| 5. Ms. Caroline Wambui Njue | - w.e.f. 24.02.2023 |
| 6. Mr. Symon Ayabei Almaida | - w.e.f. 24.02.2023 |
| 7. Ms. Faith Lukosi | - w.e.f. 08.06.2022 to 07.06.2025 |
| 8. Ismail Maalim Madey | -w.e.f. 2023 to 20.03.2025 |
| 9. CHRP. Margaret Kiogora | - w.e.f. 15.01.2024 |
| 10. Mr. Abdullulai Hussein | -w.e.f. 20.12.2024 |
| 11. Hon. Jacobs Fikirini | -w.e.f. 20.03.2025 |

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The following Directors were appointed vide a gazette notice as follows:

1.	Hon. Fatma Bakari Barayan	- w.e.f. 20.01.2023
2.	Ms. Jacinta Atemba Makokha	- w.e.f. 24.02.2023
3.	Ms. Josephine Achunga Oyombe	- w.e.f. 24.02.2023
4.	Mr. Daniel Kiplangat Mutai	- w.e.f. 24.02.2023
5.	Ms. Caroline Wambui Njue	- w.e.f. 24.02.2023
6.	Mr. Symon Ayabei Almaida	- w.e.f. 24.02.2023
7.	Ms. Faith Lukosi	- w.e.f. 08.06.2022
8.	Hon. Ismail Maalim Madey	-w.e.f. 2023 to 20.03.2025
9	CHRP. Margaret Kiogora	- w.e.f. 15.01.2024
10	Mr. Abdullulai Hussein	-w.e.f. 20.12.2024
11..	Hon. Jacobs Fikirini	-w.e.f. 20.03.2025

iv) Surplus remission

This does not apply to the Fund.

v) Auditors

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

By Order of the Board



**Josiah Arabu Moriasi, MBS.
Secretary to the Board of Directors**

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12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the Youth Enterprise Development Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii) Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the Fund;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Youth Enterprise Development Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, and the State Corporations Act). The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as of that date.

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

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

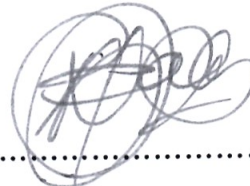
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Approval of the financial statements

The Youth Enterprise Development Fund's financial statements were approved by the Board on 28/08/2025 and signed on its behalf by:



.....
Hon. Fatma Bakari Barayan
Chairperson of the Board



.....
Josiah Arabu Moriasi, MBS
Chief Executive Officer

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON YOUTH ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025

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; and,
- 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 Youth Enterprise Development Fund set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2025 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Youth Enterprise Development Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables from Exchange Transactions

The statement of financial position and Note 20(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.3,120,269,905. However, review of records and aging analysis revealed loan categories with an amount of Kshs.2,049,197,207 which had not been serviced for a period of more than three (3) years.

Further, included in trade receivables balance was an amount of Kshs.32,914,331 relating to loan repayments from unidentified borrowers, with some remaining unidentified for more than three (3) years. Reconciliations were not done in order to update and allocate borrowers accounts which could lead to misstatement of receivables from exchange transactions balance. However, Management indicated commitment to reconcile the accounts and allocate the balances to respective borrowers' accounts.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.3,120,269,905 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Youth Enterprise Development Fund Management in accordance with ISSAI 130 on 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actuals reflects budgeted employee costs of Kshs.167,990,290 against Actual employee costs of Kshs.241,619,140 resulting in a variance of Kshs.73,628,850.00 or 44% increase. In the circumstances the fund is in breach of budgetary and legal requirements.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The following issues raised by the Auditor-General in the previous audit reports remain unresolved;

1. Long Outstanding Receivables from Exchange Transactions
2. Undisposed Inventories
3. Budgetary Control and Performance
4. Understaffing
5. Officers in Acting Capacity

Other Information

The Management are responsible for the Other Information set out on page iii to liii which comprise of Key Entity Information and Management, Statement of Performance Against Predetermined Objectives for the year, Management Discussion Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Youth Enterprise Development Fund 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, 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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters 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

Human Resource Matters

1. Understaffing

Review of the approved staff establishment confirmed the Fund had an authorized staff capacity of 241 officers. However, it was confirmed that the Fund had only 225 officers in various categories of establishment resulting in a variance of sixteen (16) officers. However, Management did not explain measures being undertaken to bridge the gap.

In the circumstances, the Fund may not achieve its strategic objectives.

2. Officers in Acting Capacity

Review of the human resource records revealed that out of the Management team of twenty-four (24) officers, fourteen (14) had been in an acting capacity for several years. This was contrary to the Human Resource Policies and Procedures Manual for the Public Service, 2016 C.14(1) and C.15 (4).

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

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 overall 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 financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of 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 financial 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 Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

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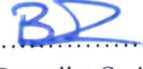
14. Statement of Financial Performance for the Year Ended 30th June 2025


		2024/2025	Audited 2023/2024
Grants from GoK	6	175,020,000	325,080,000
Public Contributions and Donations	7	3,454,014	1,832,079
Transfers in-kind	7b	27,834,361	-
		206,308,375	326,912,079
Revenue from exchange transactions			
Interest Income	8	54,573,476	57,291,327
Rendering of Services	9	1,718,464	2,139,033
Rental Revenue from Facilities and Equipment	10	1,993,000	2,355,050
Fees and Other Charges	11	51,874,960	25,051,155
Other income	12	5,694,666	1,271,733
Total revenue		322,162,940	415,020,377
Expenses			
Programme expenses	13	59,594,108	36,696,777
Use of Goods and Services	14	76,717,182	82,422,407
Employee costs	15	241,619,140	236,875,104
Board Remuneration & other related expenses	16	22,347,210	30,348,341
Depreciation & amortization expense	17	26,794,542	29,234,044
Repairs & maintenance	18	3,025,344	8,793,852
Total expenses		430,097,526	424,370,526
Deficit for the period		(107,934,586)	(9,350,149)

The notes set out on pages 1 to 5 form an integral part of these financial statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....
Josiah Arabu Moriasi. MBS
Chief Executive Officer


.....
CPA. Benedict S. Atavachi
Ag. Director Corporate Services
ICPAK Member Number 3081


.....
M/s Fatma Barayan
Chairperson of the Board

Date.....

Date.....

Date.....

**Youth Enterprise Development Fund
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15. Statement of Financial Position as at 30th June 2025

Assets	Note	2024/2025	Audited 2023/2024
		Kshs	Kshs
Current assets			
Cash and cash equivalents	19	24,326,360	246,023,056
Receivables from exchange transactions	20(a)	3,120,269,905	2,792,431,211
Receivables from non-exchange transactions	22	190,000	190,000
Inventories	24	486,000	36,600,500
		3,145,272,266	3,075,244,767
Non-current assets			
Property, plant and equipment	25	22,845,282	45,187,649
Investment Property	26	16,846,105	19,514,877
Intangible assets	27	4,968,783	9,558,663
Receivables from exchange transactions	20(b)	294,265,982	244,362,326
		338,926,152	318,623,515
Total assets		3,484,198,419	3,393,868,284
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	28	105,896,903	81,004,181
Total liabilities		105,896,903	81,004,181
Net assets			
Revolving Fund	30	3,861,523,976	3,688,151,976
Accumulated Deficit	29	(493,236,567)	(415,344,301)
Revaluation reserve	31	10,014,107	40,056,427
Total net assets and liabilities		3,484,198,419	3,393,868,283

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



.....
Josiah Arabu Moriasi, MBS.
Chief Executive Officer



.....
CPA Benedict S. Atavachi
Ag. Director Corporate Services
ICPAK Member Number 3081



.....
M/s Fatma Barayan
Chairperson of the Board

Date.....

Date.....

Date.....

**Youth Enterprise Development Fund
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16. Statement of Changes in Net Assets for the Year Ended 30 June 2025

	Revolving Fund	Accumulated Surplus/Deficit	Revaluation Reserves	Impaired Revolving Fund	Total
	Kshs	Kshs			Kshs
Balance as at 1st July 2023	3,565,245,976	(405,994,153)	40,056,427	-	3,199,308,250
					-
Deficit for the period		(9,350,149)			(9,350,149)
Addition for the year	122,906,000	-			122,906,000
Balance as at 30 June 2024	3,688,151,976	(415,344,301)	40,056,427	-	3,312,864,102
					-
Balance as at 1st July 2024	3,688,151,976	(415,344,301)	40,056,427.00	-	3,312,864,102
Deficit for the period	-	(107,934,586)	-		(107,934,586)
Revaluation Reserve Transfer	-	30,042,320	(30,042,320)		-
Hatcheries Impairment	-	-	-	(26,628,000)	(26,628,000)
Addition for the year	200,000,000	-	-		200,000,000
As at 30 June 2025	3,888,151,976	(493,236,567)	10,014,107	(26,628,000)	3,378,301,516

Explanatory note: The statement of changes in net assets contains impairment of hatcheries through the revolving fund since the hatching machines had been purchased through the revolving fund and disposed at a lower cost than the purchase price. The statement also contains transfer of revaluation reserves to accumulated deficit as required by IPSAS 17.

The reserve transferred related to Computers which have fully depreciated in 2024/2025 and motor Vehicles/cycles which were disposed within the financial year

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17. Statement of Cashflows for the year ended 30 June 2025

Description		2024/2025	Audited 2023/2024
Cash flows from operating activities	Note	Shs	Shs
Receipt			
Grant from GoK	6	175,020,000	325,080,000
Public Contributions and Donations	7	3,454,014	1,832,079
Interest Income	8	44,573,476	57,291,327
Rendering of Services	9	1,718,464	2,139,033
Rental Revenue from Facilities and Equipments	10	1,993,000	2,355,050
Fees and Other Charges	11	43,356,678	25,051,155
Other income	12	5,694,666	1,271,733
Total Receipts		275,810,297	415,020,377
Payments			
Programme expenses	13	59,594,108	36,696,777
Use of Goods and Services	14	67,255,610	79,783,659
Employee costs	15	224,542,845	221,593,040
Board Remuneration & other related expenses	16	22,347,210	30,348,341
Repairs & maintenance	18	3,025,344	8,793,852
Total Payments		376,765,116	377,215,669
Cashflow from Operating activities		(100,954,819)	37,804,708
Cashflows from investing activities			
Loans Disbursement paid out during the year		(410,398,787)	(324,438,000)
Total Loan amount repaid		289,656,910	340,699,375
Purchase of Property plant and Equipment		-	(5,269,900)
Purchase of intangible assets		-	(2,949,400)
Net cash flows from (net cash used in) investing activities		(120,741,877)	8,042,076
Cashflows from financing activities			
Grants from Government of Kenya		-	122,906,000
Net cash flows from financing activities		-	122,906,000
Net Increase/Decrease in Cash		(221,696,696)	80,061,731
Cash & cash equivalent at the beginning of the period		246,023,056	165,971,325
Cash & cash equivalent at the end of the period		24,326,360	246,023,056

Interest income and fees for 2024/2025 are accounted for on an accrual basis in accordance with IPSAS 1 (Presentation of Financial Statements). The statement of financial performance therefore reports total income earned during the year (Kshs 54,573,476 interest income and Kshs 51,874,960 fees), irrespective of cash collection. In contrast, the statement of cash flows (prepared under IPSAS 2) shows only the cash received from interest and fees (Kshs 44,573,476 and Kshs 43,356,678 respectively), as IPSAS 2 requires cash flows to be presented on a cash basis with interest receipts disclosed separately. The difference between the income statement and cash flow figures is due to timing – amounts accrued as revenue but not yet collected in cash by year-end

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18. Statement of Comparison of Budget & Actual Amounts for Period Ended June 2025

	Original budget	Adjustments	Final budget	Actual Cumulative to date	Performance difference	% of Utilization
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Recurrent Grant Received From GoK	175,020,000	-	175,020,000	175,020,000	-	100%
	175,020,000	-	175,020,000	175,020,000	-	100%
Interest and management fees on loans						
Mgt fees, processing fees, and Penalties Earned	38,129,900		38,129,900	51,874,960	(13,745,060)	136%
Interest from loans income	56,875,000		56,875,000	54,573,476	2,301,524	96%
Rental Revenue from Facilities and Equipment	2,500,000		2,500,000	1,993,000	507,000	80%
	97,504,900		97,504,900	108,441,436	(10,936,536)	111%
Interest on bank balances						
Interest earned on bank balances	3,000,000		3,000,000	3,074,546	(74,546)	102%
Other income						
Income from donors and other income generating activities	19,000,000		19,000,000	5,172,478	13,827,522	27%
Bid bond and other miscellaneous revenue	1,840,000		1,840,000	2,620,120	(780,120)	142%
Donations - Transfer in Kind	-		-	27,834,361	(27,834,361)	
	20,840,000		20,840,000	35,626,959	(14,786,959)	171%
Total income	296,364,900	-	296,364,900	322,162,940	(25,798,040)	109%
Expenses						
Credit, Recovery and Risk Management	10,278,000		10,278,000	10,277,461	539	100%
Youth Enterprise Scheme Abroad	3,320,000		3,320,000	3,312,620	7,380	100%
Commercial Infrastructure	560,000		560,000	554,029	5,971	99%
Market Support and Linkages	1,539,000		1,539,000	1,538,555	445	100%
Capacity building and Enterprise Development	4,900,000		4,900,000	4,895,362	4,638	100%
Capacity building and Enterprise Development - Inkind transfer expenditure	-		-	27,834,361	(27,834,361)	
Research, Strategy and Compliance	8,995,000		8,995,000	8,962,860	32,140	100%
Partnership and Resource Mobilisation	2,270,000		2,270,000	2,218,860	51,140	98%
	31,862,000	-	31,862,000	59,594,108	(27,732,108)	187%

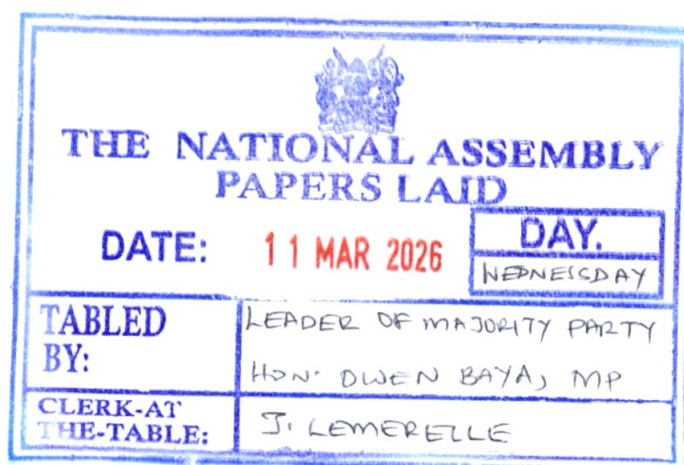
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Human Capital Expenses						
Personel salary and emoluments	137,399,189		137,399,189	193,979,626	(56,580,437)	141%
Group life and Personal Accident Cover	4,056,018		4,056,018	4,056,018	-	100%
Medical Cover Expenses	23,775,083		23,775,083	23,775,083	-	100%
Staff Welfare	2,760,000		2,760,000	2,732,118	27,882	99%
Gratuity CEO's & Contract Staff	-		-	17,076,295	(17,076,295)	
	167,990,290	-	167,990,290	241,619,140	(73,628,850)	144%
Board Expenses						
Board Allowance	16,030,000		16,030,000	15,853,560	176,440	99%
Board Transport	4,270,000		4,270,000	4,263,630	6,370	100%
Chairperson Honorarium	960,000		960,000	960,000	-	100%
Board Training & Med.&Accident Insu.&Misc.	1,280,000		1,280,000	1,270,020	9,980	99%
	22,540,000	-	22,540,000	22,347,210	192,790	99%
Depreciation						
Property, plant and equipment and Intangible assets	-		-	26,794,542	(26,794,542)	
	-	-	-	26,794,542	(26,794,542)	
Repairs & Maintenance						
Motor vehicle and cycle fuel and repairs	4,143,500		4,143,500	3,025,344	1,118,156	73%
	4,143,500	-	4,143,500	3,025,344	1,118,156	73%
Administrative expenses						
Travelling Costs	3,511,000		3,511,000	3,453,785	57,215	98%
Telephone Costs	2,255,000		2,255,000	1,924,949	330,051	85%
Office Rent and Maintainance	26,065,960		26,065,960	25,437,140	628,820	98%
Office Stationery	2,465,000		2,465,000	2,463,290	1,710	100%
Audit Fees	1,392,000		1,392,000	1,392,000	-	100%
Internal Audit Expenses	5,611,150		5,611,150	4,168,962	1,442,188	74%
Legal Fees	1,270,000		1,270,000	1,266,800	3,200	100%
Insurance for Motor Vehicle and Equipment	300,000		300,000	298,406	1,594	99%
Internet & Network Connectivity	11,400,000		11,400,000	11,383,083	16,917	100%
Courier/Postal Services	1,350,000		1,350,000	1,341,135	8,865	99%
Office utilities	7,600,000		7,600,000	7,596,735	3,265	100%
Bank Charges	395,000		395,000	394,119	881	100%
Provision for bad debts	-	-	-	9,461,573	(9,461,573)	
Enhancing funds image	5,184,000		5,184,000	5,183,295	705	100%
Staff Training	1,030,000		1,030,000	951,910	78,090	92%
	69,829,110	-	69,829,110	76,717,182	(6,888,072)	110%
Total expenditure	296,364,900	-	296,364,900	430,097,526	(133,732,626)	145%
Surplus/(Deficit) for the period	-	-	-	(107,934,586)	107,934,586	

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Development Cash flows						
Development Grant from the Government of Kenya.	200,000,000.00		200,000,000.00	200,000,000.00	-	100%
Loan Repayments	310,000,000.00		310,000,000.00	289,656,910.01	20,343,090	93%
Total	510,000,000	-	510,000,000	489,656,910	20,343,090	96%
Investment outlay					-	
Loan Disbursement	510,000,000		510,000,000	410,398,787	99,601,213	80%
Sub total	510,000,000	-	510,000,000	410,398,787	99,601,213	80%
Capital Expenditure	-		-	-	-	
ICT Infrastructure upgrades						
Sub total	-	-	-	-	-	
Total	510,000,000	-	510,000,000	410,398,787	99,601,213	80%

The comparison between budget and actual amounts for FY 2024/2025 shows key variances mainly due to non-cash items and underfunding. The Fund prepared its accounts on an accrual basis, leading to recognition of expenses such as depreciation (Kshs. 26.79 million), provisions for bad debts (Kshs. 9.46 million), and gratuity for contract staff (Kshs. 17.08 million), which had no corresponding budget allocations. In-kind donor support worth Kshs. 27.83 million was also recognized without a budget line. Additionally, the Fund experienced significant underfunding after its recurrent allocation was reduced from Kshs. 325 million to Kshs. 175 million, resulting in accrued unpaid operational expenses.



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19. Notes to the Financial Statements

1. General Information

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

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

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis 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 judgement in the process of applying the entity's accounting policies.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

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3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

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

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	<i>Fund.</i>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide</p>

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	<p>relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The provisions of the Standard will be adopted in 2025 on rental expenses.</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The provisions of the Standard will be adopted in 2025.</i></p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>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.</p> <p><i>The fund has analysed the instruments and the standard has minimal impact on the fund's financial statements.</i></p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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	<ul style="list-style-type: none"> 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 related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The fund has analysed the instruments and the standard has minimal impact on the fund's financial statements.</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st 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> <p><i>The provisions of the Standard will be adopted in 2026 on revenue</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st 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> <p><i>The fund has analysed the instruments and the standard has minimal impact on the fund's financial statements.</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st 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</p>

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employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

The provisions of the Standard are not applicable to the current operations of the Fund.

iii. Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2024/2025.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Recurrent Grants from Government of Kenya

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

ii) Revenue from exchange transactions

Interest and Management Fee on Loans

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

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

b) Budget information

The Budget for FY 2024-2025 was duly approved by the Board of Directors. There was a budget revision made during the financial year to accommodate the supplementary budgets II and III

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

c) Taxes

Youth Enterprise Development Fund fulfilled its obligations under the Income tax Act.

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d) Investment property

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

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

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

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

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f) Leases

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

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

h) Financial instruments

a) Financial assets

i) Initial recognition and measurement

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

The Entity determines the classification of its financial assets at initial recognition.

ii) Loans and receivables

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

iii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost

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using the effective interest method, less impairment.

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

iv) Impairment of financial assets

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

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

b) Financial liabilities

i) Initial recognition and measurement

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

ii) Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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fair value at the date of acquisition.

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

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

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

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

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

k) Provisions

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

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

l) The revolving fund

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

m) Contingent liabilities

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

n) Contingent assets

The Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets

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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.

o) Employee benefits

i) Retirement benefit plans

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

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

p) Foreign currency transactions

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

q) Related parties

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Estimates and assumptions

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

Useful lives and residual value

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

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

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6. Grants from GoK	2024/2025	Audited 2023/2024
	Kshs	Kshs
Income from Treasury	175,020,000	325,080,000
	175,020,000	325,080,000

Grant funding received from the National Treasury to support YEDF's recurrent operations and programme activities.

7. Public Contributions and Donations	2024/2025	Audited 2023/2024
Donations	3,454,014	1,832,079
	3,454,014	1,832,079
7b. Public Contributions and Donations	2024/2025	Audited 2023/2024
Donations - Transfer in Kind	27,834,361	-
	27,834,361	-

Cash donations and transfers-in-kind (e.g., equipment, training materials and facilitation) received from partners and stakeholders to support YEDF programmes.

8. Interest Income	2024/2025	Audited 2023/2024
Interest from Direct Funding Loans	54,573,476	55,591,554
LPO Interest	-	1,699,773
	54,573,476	57,291,327

Interest earned on loans disbursed directly by YEDF and on individual financing facilities.

9. Rendering of Services	2024/2025	Audited 2023/2024
YESA Pre-Departure	1,718,464	2,139,033
	1,718,464.00	2,139,033

Fees charged for services such as YESA pre-departure training and related participant support.

10. Rental Revenue from Facilities and Equipments	2024/2025	Audited 2023/2024
Tuckshops rental	1,993,000	2,355,050.00
	1,993,000.00	2,355,050.00

Rental income from leasing YEDF-owned tuckshops.

11. Fees and Other Charges	2024/2025	Audited 2023/2024
Mgt fees - C-YES	8,597,325	8,472,998
Mgt fees - Easy -YES	22,740	18,600.0
Mgt fees - Direct Funding Loans	3,393,100	1,257,730
Management fee - Migration Loans	6,797,552	-
LPO Default penalty	651,108	7,410,570
LPO Processing fee	467,600	14,500
Processing fee Agribizz	247,560	136,700
Processing fee Talanta	115,974	82,750
Penalty on Credit Guarantee Scheme (Rafiki)	31,580,000	7,657,307
	51,874,960	25,051,155

Management and processing fees for YEDF loan products and penalties on late payment of loans

12. Other income	2024/2025	Audited 2023/2024
Interest earned on Fund Accounts-	3,074,546	1,134,980
Security perfection fee	782,000	126,000
Sundry Income	1,838,120	10,753
	5,694,666	1,271,733

Miscellaneous income including interest on fund accounts, security-perfection fees, and sundry receipts.

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13. Programme expenses (Program Support expenditure)	2024/2025	Audited 2023/2024
Credit, Recovery and Risk Management	10,277,461	9,211,817
Commercial Infrastructure	554,029	1,526,736
Market Support and Linkages	1,538,555	1,249,860
Capacity building and Enterprise Development	4,895,362	10,779,465
Capacity building and Enterprise Development-In kind transfer expenditure	27,834,361	-
Research, Strategy and Compliance	8,962,860	8,056,280
Partnership and Resource Mobilization	2,218,860	3,986,575
Youth Employment Scheme Abroad	3,312,620	1,886,044
	59,594,108	36,696,777

The increase in programme support expenditure is mainly driven by the recognition of significant in-kind transfers and scaling of specific programmes (notably YES Abroad)

14. Use of Goods and Services	2024/2025	Audited 2023/2024
	Kshs	Kshs
Travelling Costs	3,453,785	1,114,935
Telephone Costs	1,924,949	3,996,000
Office Rent and Maintenance	25,437,140	27,464,417
Office Stationery	2,463,290	4,175,690
Internal Audit Exp	4,168,962	3,715,670
Audit Fees	1,392,000	1,392,000
Legal Expenses	1,266,800	6,535,450
Insurance for Motor Vehicle and Equipment	298,406	1,687,251
Internet and Network connectivity	11,383,083	11,805,333
Courier/Postal Services	1,341,135	1,509,145
Office utilities	253,185	495,800.00
Regional Office AIE	7,343,550	5,618,010
Bank Charges	394,119	1,785,347
Bad debts	9,461,573	2,638,748
Enhancing Fund image	5,183,295	4,495,685
Staff Training	951,910	3,992,925
	76,717,182	82,422,407

This represents administrative costs incurred to ensure services are done seamless.

Overall spending on goods and services declined year-on-year as one-off legal, insurance and training costs were reduced and stationery/digital efficiencies realized, while travel, regional office support and bad-debt provisioning increased.

15. Employee Cost	2024/2025	Audited 2023/2024
	Kshs	Kshs
Recruitment	-	1,178,158
Performance Appraisal and Benchmarking	-	1,241,323
Personnel salary and emoluments	193,979,626	181,388,232
Group life and Personal Accident Cover	4,056,018	4,201,535
Medical Expenses	23,775,083	27,660,421
Staff Welfare	2,732,118	5,690,732
Provision for Gratuity	17,076,295	15,282,064
Mainstreaming and Surveys	-	232,640
	241,619,140	236,875,104

Employee costs rose marginally, driven primarily by higher personnel salaries and increased provision for gratuity, despite lower medical and staff welfare expenditures.

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16. Board Expenses	2024/2025	Audited 2023/2024
Board Allowance	15,853,560	15,372,247
Board Transport	4,263,630	7,099,319
Chairperson Honorarium	960,000	960,000
Board Retreat	-	4,507,225
Board Training & Med.&Accident Insu.&Misc.	1,270,020	2,409,550
	22,347,210	30,348,341

Board costs fell mainly because the prior year included a board retreat and higher transport/training costs, which did not recur in the current year.

17. Depreciation and Amortization Expense	2024/2025	Audited 2023/2024
	Kshs	Kshs
Property, plant and equipment	22,204,662	23,622,197
Intangible assets & Investment Property	4,589,880	5,611,848
	26,794,542	29,234,044

Depreciation and amortization decreased slightly as some assets reached full depreciation. In addition, some assets have been disposed off during the year under review.

18. Repairs and Maintenance	2024/2025	Audited 2023/2024
	Kshs	Kshs
Motorcycles and Vehicle fuel and repairs	3,025,344	8,793,852
	3,025,344	8,793,852

Repairs and maintenance expenses fell materially due to lower fleet usage, deferred major repairs and rationalization of vehicles. This was as a result of budgetary cuts hence the need to rationalize costs and only incur mandatory costs.

19. Cash and cash equivalents	2024/2025	Audited 2023/2024
	Kshs	Kshs
Bank		
Current	24,126,360	245,823,056
Cash -in-hand	200,000	200,000
	24,326,360	246,023,056

Detailed Analysis of the cash and cash equivalents			
Financial Institution		2024/2025	Audited 2023/2024
a) Current account			
Equity bank	Account number	Kshs	Kshs
Equity Youth Enterprise Development Fund -Loan Repayment Account	180291347977	2,635,870	1,560,274
Equity Youth Enterprise Development Fund - Main	180290708175	2,148,438	17,365,884
Equity Youth Enterprise Development Fund - Direct Funding	180299437260	6,553,612	68,781,861
Equity Youth Enterprise Development Fund- Operations account	180299434252	2,669,691	23,725,938
Subtotal		14,007,612	111,433,957
Kenya Commercial Bank			
KCB Main Account	1107099390	5,689,965	82,508,152
KCB Repayment Account	1107099544	588,998	466,173
LPO Account	1154767485	3,839,785	51,414,774
Subtotal		10,118,748	134,389,099
b) Others			
Cash at hand		200,000	200,000
Subtotal		200,000	200,000
Grand total		24,326,360	246,023,056

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20. (a) Receivables from exchange transactions

	2024/2025	Audited 2023/2024
	Kshs	Kshs
Total Trade debtors from exchange transactions	3,413,929,244	3,225,727,766
Current receivables		
Current loan repayments due	3,104,175,579	2,968,514,266
Grant receivable from GoK	200,000,000	-
Other exchange debtors	2,813,261	5,880,284
Less: impairment allowance	(153,804,603)	(146,969,537)
Loans repaid unidentified	(32,914,331)	(34,993,802)
Total current receivables	3,120,269,905	2,792,431,211
20. (b) non-current receivables	2024/2025	Audited 2023/2024
Non-Current loan repayments due	309,753,666	257,223,500.87
Less: impairment allowance	(15,487,683)	(12,861,175.04)
Total Non-Current receivables	294,265,982	244,362,326
Total receivables	3,414,535,888	3,036,793,537

20 (c). Reconciliation for impairment allowance on receivables from exchange transactions

	2024/2025	Audited 2023/2024
	Kshs	Kshs
At the beginning of the year	(159,830,713)	(157,191,966)
Additional provisions for the year	(9,360,695)	(2,639,247)
At the end of the year	(169,191,409)	(159,831,213)

21. Aging Analysis Receivables from exchange transactions	2024/2025	% of the Total	Audited 2023/2024	% of the Total
1-2 years	705,690,512	20.65%	200,731,392	6.61%
2-3 years	661,854,786	19.37%	193,746,790	6.38%
Over 3 years	2,049,197,207	59.98%	2,642,305,355	87.01%
Total	3,416,742,505		3,036,783,536	

22. Receivables from non-exchange contracts

	2024/2025	Audited 2023/2024
Current receivables		
Prepayments - Rent deposit	190,000	190,000
Less: impairment allowance	-	-
Total current receivables	190,000	190,000

23. Aging Analysis Receivables from non-exchange transactions

	2024/2025	% of the Total	Audited 2023/2024	% of the Total
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	190,000	100%	190,000	100%
Total	190,000		190,000	

24. Inventories

	2024/2025	Audited 2023/2024
Hatcheries	486,000	36,600,500
Total	486,000	36,600,500

Reduction in inventories from Kshs. 36,600,500 (2023/24) to Kshs. 486,000 (2024/25) was due to the revaluation and subsequent disposal of 893 hatcheries during the financial year 2024/2025; the closing

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inventory balance of Kshs. 486,000 represents the cost of 12 hatching machines remaining in stock as at 30

25. Property, plant and equipment

Year ended 30 June 2025	Motor Vehicles	Furniture and Fittings	Computers & Accessories	Motorcycles	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
As at 01 July 2023	27,875,700	24,389,030	20,862,006	9,215,000	82,341,736
Additions	-	335,600	4,934,300	-	5,269,900
Disposals	-	-	-	-	-
	-	-	-	-	-
As at 30 June 2024	27,875,700	24,724,630	25,796,306	9,215,000	87,611,636
Additions	-	-	-	-	-
Disposal	2,450,000		183,400	3,010,000	5,643,400
At end of the period	25,425,700	24,724,630	25,612,906	6,205,000	81,968,236
Depreciation					
As at 01 July 2023	8,740,350	3,172,379	7,254,084	2,303,750	21,470,563
Depreciation for the year	6,968,925	3,090,579	8,590,170	2,303,750	20,953,424
As at 30 June 2024	15,709,275	6,262,958	15,844,254	4,607,500	42,423,987
Depreciation for the period	6,356,425	3,090,579	8,537,635	1,551,250	19,535,889
Disposal	1,505,000		106,922	1,225,000	2,836,922
As at 30 June 2025	20,560,700	9,353,537	24,274,967	4,933,750	59,122,954
Net book value as at 30 June 2025	4,865,000	15,371,093	1,337,939	1,271,250	22,845,282
Net book value as at 30th June 2024	12,166,425	18,461,672	9,952,052	4,607,500	45,187,649

26. Investment Property	Period ended 30 June 2025	Prior year 2023/2024
	Shs	Shs
Commercial Infrastrucure- Building of Bus Shelters/ Stalls		
At start of the period- cost	37,362,827	37,362,827
At start of the period- depreciation	(17,847,949)	(15,179,177)
Additions	-	-
Depreciation	(2,668,773)	(2,668,772)
	16,846,105	19,514,877

June 2025.

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27. Intangible assets

The Fund owns two primary software systems: the ABN Vote Book System and Microsoft Dynamics NAV. The ABN Vote Book System was acquired to facilitate the tracking of loan repayments and the corresponding interest from youth groups and Financial Intermediaries. In addition, the Fund operates a comprehensive Management Information System (MIS), which integrates several modules, including Finance, Procurement, Human Resources and Payroll, Loans Management, and Asset Management.

Year ended 30 June 2025

Cost	Kshs
At the beginning of the period	139,479,759
Additions	2,949,400
At end of period	142,429,159
Amortization	
At the beginning of the period	132,870,496
Charge for the period	4,589,880
At end of the period	137,460,376
Net book value as at 30th June 2025	4,968,783

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28. Trade and other payables from exchange transactions	2024/2025	Audited 2023/2024
	Kshs	Kshs
Trade payables	36,070,613	34,015,758
Provision for gratuity	55,768,070	41,249,070
Salary Deductions	14,058,221	4,435,034
Bid bond Liability	-	1,304,320
Total trade and other payables	105,896,903	81,004,181

Ageing analysis: (trade and other payables)	2024/2025	% of the Total	Audited 2023/2024	% of the Total
Under one Year	50,128,833	47	39,755,112	49
1-2 Years	55,768,070	53	41,249,070	51
2-3 Years	-		-	
Over 3 years	-		-	
Total	105,896,903		81,004,181	

29. Accumulated funds	2024/2025	Audited 2023/2024
	Kshs	Kshs
Balance b/f	(415,344,301)	(405,994,152.68)
Revaluation Reserve Transfer	30,042,320	-
Add : Deficit for the Year	(107,934,586)	(9,350,148.54)
	(493,236,567)	(415,344,301)

30. Revolving fund	2024/2025	Audited 2023/2024
	Kshs	Kshs
Balance b/f	3,688,151,976	3,565,245,976
Add: Received during the year	200,000,000	122,906,000
Hatcharies Impairment	(26,628,000)	-
	3,861,523,976	3,688,151,976

31. Revaluation fund	2024/2025	Audited 2023/2024
Balance b/f	10,014,107	40,056,427
	10,014,107	40,056,427

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32. Cash generated from operations

Description	2024/2025	Audited 2023/2024
	Ksh.	Ksh.
Deficit for the year	(107,934,586)	(9,350,149)
Adjusted for:		
Depreciation	26,794,542	29,234,044
Non-cash grants received	-	-
Contributed assets	-	-
Gains and losses on disposal of assets	-	-
Provisions for gratuity	17,076,295	-
Contributions to impairment allowances	9,461,573	2,638,748
Working capital adjustments		
Increase in inventory	(36,114,500)	-
Increase in receivables	(35,130,865)	33,449,705
increase in deferred income	-	-
Increase in payables	24,892,722	(1,905,854)
Increase in payments received in advance	-	-
Net cash flow from operating activities	(100,954,819)	59,657,456

33. Financial Risk Management

The Fund's operations are exposed to various financial risks, including credit risk, liquidity risk, and the impact of fluctuations in foreign currency exchange rates. The Fund's overall risk management framework is designed to address the unpredictability of changes in the business environment, aiming to reduce the potential negative impact of such risks on performance by maintaining acceptable risk thresholds. While the Fund does not engage in hedging activities, it has established policies to ensure that credit facilities are only extended to clients with a proven and reliable credit history. The Fund's financial risk management objectives and policies are outlined below:

i) Credit Risk

Credit risk refers to the possibility that a counterparty may default on its contractual obligations, failing to make full payments when due. The Fund is exposed to credit risk through cash and cash equivalents, bank deposits, trade and other receivables, as well as available-for-sale financial assets. To mitigate this risk, management evaluates the creditworthiness of each customer, considering factors such as financial standing, past repayment history, and other relevant indicators. Individual credit limits are determined based on internal evaluations or external assessments, in line with thresholds set by the Board of Directors.

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The figures reported in the statement of financial position are presented net of 5% general provisions for doubtful debts, which are estimated by management based on Finance policy, historical default patterns and an assessment of prevailing economic conditions.

Financial Risk Management

The carrying value of the financial assets reported in the financial statements represents the Fund's maximum exposure to credit risk, before considering the impact or value of any collateral held. This exposure is comprised as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	3,381,014,913	1,223,368,911	1,988,595,256	169,050,746
Receivables from non-exchange transactions	2,813,261	507,608	2,164,990	140,663
Grant receivable from GoK	200,000,000	200,000,000	-	-
Bank balances	24,326,360	24,326,360	-	-
Total	3,608,154,534	1,448,202,879	1,990,760,246	169,191,409
As at 30 June 2024				
Receivables from exchange transactions	3,190,743,964	987,193,724	2,044,003,542	159,536,698
Receivables from non-exchange transactions	5,880,284	1,013,709	4,572,561	294,014
Bank balances	246,023,056	246,023,056	-	-
Total	3,442,647,304	1,234,230,488	2,048,576,104	159,830,712

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has a significant concentration of credit risk on amounts due from loan beneficiaries. The board of directors sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

i) Liquidity risk management

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

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by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	14,058,221	36,070,613	-	50,128,833
Provisions	-	-	55,768,070	55,768,070
Total	14,058,221	36,070,613	55,768,070	105,896,903
As at 30th June 2024				
Trade payables	-	39,755,112	-	39,755,112
Provisions	-	-	41,249,070	41,249,070
Total		39,755,112	41,249,070	81,004,181

Financial Risk Management

ii) Market risk

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Credit 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 Fund has no transactional currency exposures currently.

iii) Capital Risk Management

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

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Description	2024/2025	Audited 2023/2024
	Kshs	Kshs
Revaluation Reserve	10,014,107	40,056,427
Retained Earnings	(493,236,567)	(415,344,301)
Revolving fund	3,861,523,976	3,688,151,976
Total Funds	3,378,301,516	3,312,864,102

34. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Fund* include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the Chief Executive Officer, Senior Managers,

Government of Kenya

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

35. Events after the Reporting Period

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

36. Ultimate and Holding Entity

The Fund is a State Corporation under the Ministry of Youth Affairs, Creative Economy and Sports. Its ultimate parent is the Government of Kenya.

37. Currency

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

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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external Audit Report	Issue/Observations from Auditor	Management comments	Status:(Resolved/Not Resolved)	Timeframe
Basis for Qualified	Unconfirmed Receivables from exchange transactions	Non-capture on note 17 is an omission. Figure well captured in the trial balance. Subsequent year comparative financials to be adjusted accordingly. The amount of Kes 180,363,789 is a subject of a recovery suit with high chance of success	Unresolved	30 June 2025
Emphasis of matter	Going Concern of the Fund	The fund has posted a surplus in the FY 2022/23. This trajectory, sustained, will guarantee the sustainability of the fund into the foreseeable future.	Not Resolved	30 June 2025
Key Audit matter	Budget performance	Unbudgeted non –cash expenditure items account for the recurrent budget over –expenditure. The fund has improved on its revenue collection posting an increase of its revenue at Ksh. 415,020,377 in FY 2023/2024. From Ksh. 380,515,077 in FY 2022/2023.	Resolved	30 June 2025

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		Automation of disbursement will address disbursement shortfall with the recovery unit of the fund revamped to ensure targets are met		
Key Audit matter	Unresolved prior year matters	The matters were adequately addressed and discussed with the relevant committees of parliament. Awaiting report for final determination of the issues.	Not Resolved	30 June 2025
Basis of conclusion	Doubtful Recovery of Other Exchange Debtors	The current finance and credit policy provide for a general 5% provision. The Fund has since settled the issues of rent deposit.	Resolved	30 June 2024
Basis of conclusion	Grounded Motor Vehicles and Motorcycles	The Fund has since disposed some of its' Motor Vehicles and Motorcycles	Resolved	30 June 2025
Basis for Qualified	Unconfirmed Receivables from exchange transactions	The fund has put in place measures to recover the long outstanding amounts of loans which had remained un-serviced for various reasons, including: Realization of Charged Securities, Listing of Group Defaulters In CRB, Loan Restructuring, Loan Buy-Offs, Setting up of an internal debt recovery unit.	Not Resolved	30 June 2024

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Emphasis of matter	Budget Control and Performance	The under-expenditure of Kshs. 330,704,571 or 49% of the budget is a result of the unattained loans disbursement targets. This was occasioned by budget cuts where by development grants receivable was reduced from Kshs 175 million to Kshs 122.9 million. In addition, low repayment rate was experienced during the year hence diluting the power of revolving.	Resolved	30 June 2024
Key Audit matter	Undisposed Inventories	The inventories were re-valued at the end of the financial year 2021/2022 which is also the beginning of the year under review. Since the items were slow moving, they were identified for disposal and the exercise was carried in the month of August 2024 where six (6) units were sold. Since a number of the units were still in store and still slow moving, a second disposal exercise was carried in the month of June 2025.	Resolved	30 June 2025
Basis of conclusion	Officers in Acting Capacity	The officers in question have served in acting capacities beyond the stipulated period due to several factors, as outlined below: The sudden introduction of caveat on recruitment, restructuring and promotions pending the merger of the Affirmative Funds—namely, the Women Fund, Uwezo Fund, and Youth Fund—disrupted the internal operations and programs of the institutions. This caveat has made it impossible to do any recruitment especially for management positions who are	Not Resolved	30 June 2025

		<p>affected by the acting with only a handful managers being appointed substantively.</p> <p>During the period under review, the Fund faced significant budget cuts that hindered the recruitment of key strategic positions from the external market. To address the challenges posed by prolonged acting appointments, the Fund has implemented solutions such as filling vacant positions internally and reorganizing staffing levels where necessary to align with established policies and regulations.</p> <p>The full implementation of the Fund’s organizational structure and staffing policy, approved in 2018, was delayed, contributing to the extended acting capacities of certain officers. This issue was resolved in 2023, with the structure finally implemented and staff appropriately placed. The structure and career guidelines continue to be applied and updated periodically, as necessary. We also wish to report that the process of reviewing our instruments spearheaded by the Public Service commission for our State Department of Youth and Creative Economy has begun and it is envisaged that after the exercise, we shall have outstanding staff issues resolved.</p>		
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Moriasi Arabu Josiah, MBS

Chief Executive Officer

Date.....

Appendix II: Projects Implemented by Fund

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Youth Enterprise Development Fund – Loan Disbursement and Business Development Services		GoK	From 2007 – continuous project		No.	No.

Status of the Project Completion

Project title	Project Name	Total Project Cost Ksh. (Millions)	Total expended to date; Ksh. (Millions)	Completion % to date	Budget Ksh. (Millions)	Actual Ksh. (Millions)	Sources of Funds
Youth Enterprise Development Fund – Loan Disbursement and Business Development Services	Loan Disbursement	9,503	5,062.99	53.28%	200	200	GoK

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Appendix III: Transfer from Other Government Entities

Name of the MDA/Donor Transferring the Funds	Date received	Nature: Recurrent/Development/ Others	Total Amount - KES	Where Recorded/Recognized					Total Transfers during the Year
	As per bank statement			Statement of Financial Performance	Capital/ Revolving Fund	Deferred Income	Receivables	Others- must be specific	
Ministry of Youth Affairs, Creative Economy and Sports	01/08/2024	Recurrent	18,753,000	18,753,000					18,753,000
Ministry of Youth Affairs, Creative Economy and Sports	12/09/2024	Recurrent	12,502,000	12,502,000					12,502,000
Ministry of Youth Affairs, Creative Economy and Sports	07/11/2024	Recurrent	31,255,000	31,255,000					31,255,000
Ministry of Youth Affairs, Creative Economy and Sports	07/02/2025	Recurrent	31,255,000	31,255,000					31,255,000

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Ministry of Youth Affairs, Creative Economy and Sports	09/05/2025	Recurrent	81,255,000	81,255,000				81,255,000
	Receivable as at 30 th June 2025 (08/07/2025)	Development			200,000,000		200,000,000	200,000,000
Totals			175,020,000	175,020,000	200,000,000		200,000,000	375,020,000

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

Name of transferring entity: Ministry of Youth Affairs, Creative Economy and Sports – State Department of Youth Affairs

Name of beneficiary entity: Youth Enterprise Development Fund

Confirmation of amounts received by Youth Enterprise Development Fund as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
JV.893	01/08/2024	18,753,000	-	18,753,000	
JV 902	12/09/2024	12,502,000	-	12,502,000	
JV 903	07/11/2024	31,255,000	-	31,255,000	
	07/02/2025	31,255,000	-	31,255,000	
	09/05/2025	81,255,000	-	81,255,000	
	15/07/2025		200,000,000	200,000,000	
Total		175,020,000	200,000,000	375,020,000	

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.....

Appendix V: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Q1	Quarter		Source of Funds	Implementing Partners
					Q2	Q3		

Appendix VI: Reporting on Disaster Management Expenditures

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Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub - Programme	Disaster Type	Categories of Disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness	Expenditure Item	Amount (Kshs)	Comments

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

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JV 902	12/09/2024	12,502,000	-	12,502,000	
JV 903	07/11/2024	31,255,000	-	31,255,000	
	07/02/2025	31,255,000	-	31,255,000	
	09/05/2025	81,255,000	-	81,255,000	
	15/07/2025		200,000,000	200,000,000	
Total		175,020,000	200,000,000	375,020,000	

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

Head of Accounts Department - Disbursing Entity:

Name ROBERT ASUMANI Sign  Date 20/8/2025

Head of Accounts Department - Beneficiary Entity:

Name BENEDICT S. ATAVACHI Sign  Date 20/8/2025

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JV 902	12/09/2024	12,502,000	-	12,502,000	
JV 903	07/11/2024	31,255,000	-	31,255,000	
	07/02/2025	31,255,000	-	31,255,000	
	09/05/2025	81,255,000	-	81,255,000	
	15/07/2025		200,000,000	200,000,000	
Total		175,020,000	200,000,000	375,020,000	

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

Head of Accounts Department - Disbursing Entity:

Name ROBERT ASUMANI Sign  Date 20/8/2025

Head of Accounts Department - Beneficiary Entity:

Name BENEDICT S. ATAVACHI Sign  Date 20/8/2025