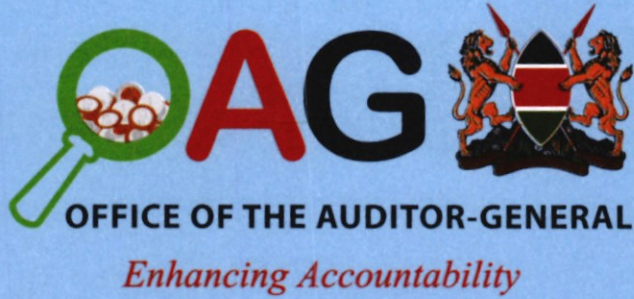


REPUBLIC OF KENYA



PARLIAMENT  
OF KENYA  
LIBRARY

REPORT

DATE: 12 MAR 2024

DAY:

TUESDAY

OF

Hon Owen Bayo, MP  
Deputy Leader, majority party  
Mwajuma

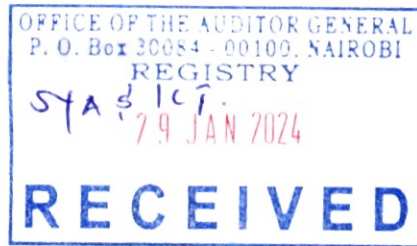
THE AUDITOR-GENERAL

ON

YOUTH ENTERPRISE DEVELOPMENT FUND

FOR THE YEAR ENDED  
30 JUNE, 2023





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**YOUTH ENTERPRISE DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2023**

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



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## **1. Acronyms, Abbreviations and Glossary of Terms**

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

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
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
VC	Vice Chancellor

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

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

## **2. Key Entity Information and Management**

### **(a) Background information**

The 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 Co-operatives and Micro, Small and Medium Enterprises Development is responsible for general policy and strategic direction of the Fund.

### **(b) Principal Activities**

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

The Fund was established in order to;

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

### **Our Vision**

Economically empowered Kenyan youth running sustainable enterprises.

### **Our Mission**

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

### **Our Core Values**

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

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

**(c) Key Management**

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

- Board of Directors
- Chief Executive Officer
- Management

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

<b>Name of the Staff</b>	<b>Responsibility</b>
Mr. Josiah Arabu Moriasi	Chief Executive Officer
Mr. Benson Muthendi	Public Relations Manager
Ms. Judy Kimeto	Lending & Investment Manager
Mr. Benedict Atavachi	Finance Manager
Mr. Ibrahim Musani	Internal Auditor
Ms. Beatrice Amugune	Senior Human Resource Officer
Ms. Maurine Bosire	Ag. Supply Chain Manager
Mr. Patrick Odanga	Ag. Head of Legal Services
Mr. Daniel Mathenge	Senior Commercial Infrastructure Officer
Mr. Morris Ondiek	Senior Enterprise Development Officer
Mr. Josephat Maende	Administration Officer
Mr. Joseph Alumasa	Information & Communication Technology officer
Ms Isabella Kathambi	Monitoring & Evaluation officer
Mr. Samuel Njue	Ag Credit Manager
Mr. Morris Murimi	Ag. Resource Mobilization officer



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Dr. Linet Arisa PhD.	Ag. Marketing & Linkages officer
Mr. Robert Mrima	Senior Accountant

**(e) Fiduciary Oversight Arrangements**

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

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;
- 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

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3. Mr. Daniel Kiplangat Mutai
4. Ms. Susan Mang'eni
5. Mr. Josiah Arabu Moriasi - 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 & debtor's 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 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. Mr. David Muganda Wambete
3. Ms. Jacinta Atemba Makokha
4. Ms. Josephine Achunga Oyombe
5. Mr. Josiah Arabu Moriasi - Secretary

***Audit, Risk and Compliance Committee***

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

- i. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- ii. Provide an independent review of an entity's reporting functions to ensure the integrity of financial reports.
- iii. Monitor the effectiveness of the Fund's performance management and performance information.
- iv. Provide strong and effective oversight of the Fund's internal audit function.

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- 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. Mr. David Muganda Wambete
3. Ms. Faith Norah Lukosi
4. Ms. Susan Mang'eni,
5. Mr. 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 Almaida
3. Mr. Daniel Kiplangat Mutai
4. Ms. Caroline Wambui Njue
5. Mr. Josiah Arabu Moriasi – Secretary

**(f) Entity Headquarters**

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

**(g) Entity Contacts**

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

**(h) Entity Bankers**

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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

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**3. The Board of Directors**

REF	DIRECTORS	DETAILS
	 <p style="text-align: center;"><b>CHAIRPERSON</b> Hon. Fatma Bakari Barayan Date of birth: 12/3/1991 Served w.e.f February 2023</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 youths, 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>
	 <p style="text-align: center;"><b>Hon. Susan Auma Mang'eni</b> Principal Secretary, MSMEs Development Date of birth: 7/10/1978 Served w.e.f February 2023</p>	<p>Hon. Susan Auma Mang'eni is the Principal Secretary of the newly established State Department of Micro Small and Medium Enterprises (MSME) Development under the Ministry of Cooperative and Micro Small and Medium Enterprises (MSME). She is a governance and development expert with close to 15 years' experience in both the private and public sectors in areas of strategic leadership, public policy formulation, analysis and implementation, enterprise development, institutional building, oversight, youth and women empowerment. She holds an MA in Entrepreneurship Development and a BA in Political Science and Public Administration both from the University of Nairobi.</p>

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**DIRECTOR**

Ms. Faith Norah Lukosi  
Date of birth: 2/9/1990

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.

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.

She chairs the Human Resource and Administration Committee.



**DIRECTOR**

Josephine Achunga Oyombe  
Date of birth: 6/9/1987  
Served w.e.f February 2023

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.

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

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).

She chairs the Strategy and Business Development Committee.

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**DIRECTOR**  
Symon A. Alameda  
Date of birth: 12/12/1988  
Served w.e.f February 2023

Mr. Symon Alameda has a Higher Diploma obtained at the Bartek Institute and a Diploma in Co-operatives from 2013 to 2014. He chairs the finance and resource mobilisation committee.



**DIRECTOR**  
Caroline Wambui Njue  
Date of birth: 3/2/1985  
Served w.e.f February 2023

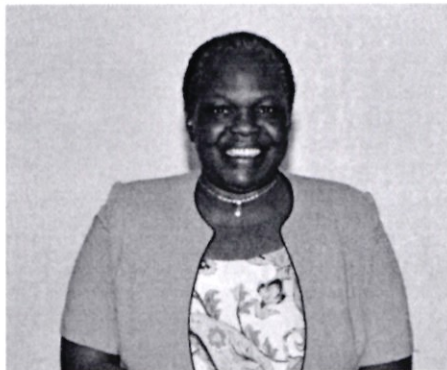
Acquired an MSc in Law at the University of East London in 2021; a Masters in Procurement and Logistics completed at Jomo Kenyatta University of Agriculture and Technology (JKUAT) from 2007 to 2010; A BSc in Procurement and Logistics at the same institution between 2004 and 2007; Executive education undertaken at Strathmore Business School. She chairs the Audit, Risk and Compliance Committee.

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**DIRECTOR**  
Daniel K. Mutai  
Date of birth: 1/1/1961  
Served w.e.f February 2023

Daniel Kiplagat Mutai is a highly qualified professional with a strong background in education. He obtained a Diploma in Education from Kenya Science Teachers College from 1982 to 1983. Building on his educational foundation, he pursued further studies and completed a B.Ed. Degree at Egerton University, spanning from 2006 to 2012.



**DIRECTOR**  
Jacinta Atemba Makokha  
Date of birth: 7/9/1959  
Served w.e.f February 2023


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.

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.

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.



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		<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 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, 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><b>DIRECTOR:</b> Mr. David M. Wambete 1/11/1974</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 (USA).</p> <p>Mr. Wambete previously worked as a District Development Officer where he was responsible for the District's overall development planning. Specifically, he oversaw programmes and projects implementation in areas such as Constituency development (under the Constituency Development Fund), poverty eradication (under the Poverty Eradication Commission), 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 include: Policy, programmes and project management; Results based monitoring and evaluation; Transboundary resources management; Quality management systems; Performance management; Urban planning for developing countries; and Senior management course. Mr. Wambete is currently a Principal Finance Officer in the National Treasury. He is pursuing a course in accounting.</p>

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**REPRESENTATIVE OF THE  
INSPECTOR OF STATE  
CORPORATIONS**

Mr. James Sitiency

Mr. James Sitiency holds a Master of Arts in Public Policy and Administration (MPPA) from Kenyatta University; A Bachelor's degree in Economics and Business from the University of Nairobi, Senior Management Course from Kenya School of Government and a member of the Kenya Association for Public Administration and Management (KAPAM).

He also possesses a Certificate in Leadership and Policy Implementation from ESAMI; Effective Audit and Oversight (Institute of Directors); Computer Application and Proficiency from African Institute of Research and Development Studies. He has a wealth of hands-on experience in Corporate Governance; Leadership and Policy implementation; In addition, he has worked in the Public Sector spanning over twenty-five years in various Departments and agencies.

Currently, Mr. Sitiency works at the Inspectorate of State Corporations-Office of the Prime Cabinet Secretary (PCS)-Executive Office of the President.



**SECRETARY TO THE BOARD:**




Mr. Josiah Arabu Moriasi  
1/1/1978  
Served w.e.f February 2023

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).




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.

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**4. Key Management Team**

	Management	Details
1.	 <b>Mr. Josiah Arabu Moriasi</b> MBA (Management and Finance), BA( Economics & Mathematics), Higher Diploma (HRM), CSIA, CPS	<b>Chief Executive Officer</b>
2.	<b>Beatrice Amugune</b> Bachelor of Business Management (HRM), Higher National Diploma (HRM), Certificate in Counselling, Professional member of the Institute of Human Resource Management (IHRM).	<b>Senior Human Resources Officer</b>
3.	 <b>CPA Judy Kimeto</b> Bachelor's degree in Business Administration, MBA; Certified Public Accountant CPA (K)	<b>Lending And Investment Manager</b>
4.	 <b>CPA Benedict Atavachi</b> MBA (Finance), B.Com (Accounting) Certified Public Accountant CPA (K)	<b>Finance Manager</b>

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5.	 <b>CPA Ibrahim Musani</b> CPA (K), B.Com	<b>Internal Auditor</b>
6.	 <b>Ms. Maurine Bosire</b> B.Com (Supply Chain), Member KISM	<b>Ag. Supply Chain Manager</b>
7.	 <b>Mr. Benson Muthendi</b> B.Ed.(Hons) in Arts, Diploma in Public Relations Mgt., Diploma in Management, Certificate in Communication Technologies.	<b>Public Relations Manager</b>

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**5. Chairman's Statement**

I am pleased to present to you our End of Financial Year Statement for the Youth Enterprise Development Fund. This statement highlights our accomplishments, challenges, and the financial status of the Fund at the close of the fiscal year 2022/2023. The fiscal year under review has been one characterized by transformative growth and significant challenges. The financial well-being of the Fund is a testament to our collective effort, resilience, and unwavering commitment to empowering the youth through entrepreneurship.

For the fiscal year, our total revenue amounted to KShs. 658.89M, marking a decrease of 18.34% from the prior year, largely due to reduced allocations from the exchequer. Expenditures totalled KShs. 522.35M, a decrease of 43.06 % from the prior year. The decline in expenditure was primarily attributed to unmet capital expenditure items.

During the fiscal year, the YEDF disbursed Ksh.143.8 million to youth enterprises and recovered Ksh.234.8 million of loans. The Fund demonstrated its commitment to cultivating essential entrepreneurial skills by conducting sensitization and training sessions for a significant number of 82,700 youth and provided mentorship to 4,815 youth. At 1,620 least youth led enterprises were facilitated to access markets both locally and internationally and a further 1,528 young individuals were facilitated to access business innovation and incubation services, thus fostering growth and innovation within their enterprises.'

Strategic partnerships play a pivotal role in our operations, they enable us to diversify and enhance revenue streams, allowing the YEDF to achieve its goals in a cost-effective manner while amplifying its impact. This fiscal year 2022/23, we forged collaborations with five new partners, with the majority offering in-kind support to the YEDF initiatives. This collaborative effort, coupled with the generosity of our donors, enabled us to raise Ksh. 6,807,396.

The YEDF is concluding its third-cycle Strategic Plan (2020-2024). This plan was designed to transform the Fund's efficiency, responsiveness, and impact. Key projected outcomes included expanding the revolving fund, increasing loan disbursements, enhancing business development services, and fortifying institutional capability. Significant milestones include disbursing Ksh. 1.048

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billion to youth-owned enterprises with a 70% recovery rate and the introduction of four new loan products tailored to the evolving needs of youth entrepreneurs.

In alignment with the government's agenda for the youth well-articulated in the PLAN, the YEDF is undertaking a transformational strategy to support the government's Bottom Up Economic Transformational Agenda (BETA). We have identified key focus areas to achieve this goal. A key initiative is reengineering our loan products and business support, targeting sectors such as Leather and Leather Products; Garments and Textiles; Building Materials and Construction; and Edible Oils, Rice, Tea, and Coffee. We are also transitioning to digital platforms to expedite our loan process, expand reach, and enhance impact.

Despite the achievements, we recognize that there are areas that need strengthening. Operational challenges, including constrained exchequer funding and administrative limitations, persistently affect the Fund's functionalities. External factors such as the far-reaching consequences of the COVID-19 pandemic and the instability within the economic landscape, coupled with risk assessment for youth without collateral, pose ongoing challenges. In response, we are actively implementing measures such as diversifying our revenue sources, amplifying our digital platforms for increased efficiency, and pioneering alternative credit evaluation methods tailored to our youth's unique circumstances.

I extend my heartfelt appreciation to the Board, management, staff, and all stakeholders for their unwavering support and commitment. As we usher in a new fiscal year, I am confident in our shared vision and collective resolve to drive the Youth Enterprise Development Fund to greater heights, ultimately realizing our primary objective of empowering the youth through entrepreneurial development.

Thank you

  
**Hon. Fatma Bakari Barayan**  
**Chairperson**  
**Youth Enterprise Development Fund Board**

## **6. Report of the Chief Executive Officer**

As we approach the conclusion of another fiscal year, I am pleased to present the annual financial report of the Youth Enterprise Development Fund (YEDF). The journey we embarked on, the challenges we faced, and the milestones we achieved reflect our unwavering commitment to the economic empowerment of Kenya's youth.

The Youth Enterprise Development Fund (YEDF) is a key initiative of the Kenyan government aimed at promoting youth employment. It is a flagship project under the Social Pillar of Kenya Vision 2030 and is currently situated in the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development, within the State Department for MSMEs Development. The YEDF plays a crucial role in providing financial support and business development services to young entrepreneurs, enabling them to establish and expand their businesses for economic growth.

The Fund provides loans for various entrepreneurial objectives, including start-ups, business expansion, asset financing, agribusiness, talent development, and LPO/LSO financing. The Fund also offers business support services including market support, entrepreneurship training, mentorship, business counselling, commercial infrastructure, and facilitates youth participation in foreign job opportunities through the Youth Employment Scheme Abroad (YESA) Programme.

During the year under review, the Fund disbursed KShs. 143.8 million to youth entrepreneurs and achieved a recovery rate of 70%. At least 90,663 youth received business support services. To enhance funding opportunities and strengthen the revolving fund, a loan agreement of KShs. 3 billion was secured between the Government of Kenya and the Khalifa Fund for Enterprise Development, with the YEDF as the implementing agency. These funds will be disbursed to target youth groups in line with the Fund's existing structures, policies and procedures.

The fiscal challenges, especially the diminishing financial allocations from the exchequer, have been a point of concern. The financial allocations we receive from the exchequer have historically been a vital source of funding for our initiatives aimed at empowering the youth.

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However, the fiscal landscape has evolved, and we found ourselves contending with decreasing allocations, a trend that impacts our ability to execute our programs at their fullest potential. While facing this revenue challenge, our organization demonstrated its resilience by judiciously managing our expenditures. Our total expenditures for the year were KShs. 522.35 million, which marked a noteworthy decrease of 43.06% from the previous year. This reduction in expenditures was largely driven by careful budgeting and a strategic realignment of our financial priorities.

During the fiscal year 2022/23, we established partnerships with five new allies, most of whom provided in-kind assistance to the YEDF initiatives. This was in an effort to diversify revenue streams and enhance impact. The YEDF collaborated with the British Council on a project titled "The Kenya Young Entrepreneurs Connect (K-YEC)." This two-day event was designed to strengthen youth entrepreneurship in Kenya by establishing supportive ecosystems in counties and offering opportunities for structured networking among young entrepreneurs. The K-YEC focused on peer-to-peer mentorship, raising awareness of local support systems, and providing practical advice from seasoned professionals. It was piloted in Kisumu, Nakuru, Nairobi, Mombasa, and Meru. In these counties, 164 youth enterprise support organizations collaborated, aiming to better serve youth entrepreneurs. At least 1,070 student and community entrepreneurs networked and learned from selected experts. Valuable insights were gained, which will shape the project's future.

During the fiscal year, the YEDF prioritized strengthening its institutional capacity and operational efficiency. The Fund partnered with KCA University (Kenya) and the University of Nottingham (UK) to work on a project titled Co-production for Youth Entrepreneurship in Kenya (CoPYEK). This project, funded by the British Council, sought to investigate the cause of the low transition from entrepreneurship learning offered by institutions of higher learning and entrepreneurship training organizations to the successful practice of entrepreneurship by young people in Kenya. This initiative enabled YEDF to design a new entrepreneurship curriculum that seamlessly combines theoretical concepts with practical applications. As part of the post-curriculum development support, the British Council sponsored a Training of Trainers program that benefited 106 staff.



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In the year under review, the YEDF decisively embarked on the digitalization of its entire operational processes and integrating seamlessly with the government's online platform named #254 platform where Kenyans can access financial support services for economic growth in tandem with other government institutions offering similar services. This strategic move is aimed at optimizing our operational efficiency, broadening our reach, and amplifying our impact. In recognition of the significance of this digital shift, the fund allocated funds for the commencement of Phase II of the ERP installation project which is at its final stage of completion

Fostering entrepreneurship among young people requires concerted efforts from all players in the youth space. The YEDF continues to engage the Youth to review its programs in line with their changing needs, creativity, and potential. We call upon like-minded partnerships in the private and public sectors to work with us to promote youth economic empowerment.

The YEDF remains steadfast in its commitment to combating youth unemployment and fostering entrepreneurship. The accomplishments of the past financial year reflect our dedication to this cause. We acknowledge the challenges ahead and are actively working to overcome them through strategic planning, partnership building, and efficient resource utilization. The YEDF remains resolute in its mission, steadfastly pursuing a more prosperous future for Kenya's youth.



**Josiah Arabu Moriasi  
Chief Executive Officer  
Youth Enterprise Development Fund**

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**7. Statement of Youth Enterprise Development Fund Performance against Predetermined Objectives for FY 2022/2023**

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

Pillar 1: Affordable Credit

Pillar 2: Business Development Services

Pillar 3: Resource Mobilization

Pillar 4: Strengthening Strategic Operations

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

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

The Board developed its annual work plan aligned to the above strategic objectives. Assessment of the Board's performance against its annual work plan was done on a quarterly basis through the performance contracting targets progress reports. The Fund performance targets as set out for the FY 2022/2023 period for its four strategic pillars are as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective(s)</b>	<b>Key Performance Indicator(s)</b>	<b>Activities</b>	<b>Achievements</b>
<b>Affordable Credit</b>	To Grow the revolving fund kitty	Amount of loans recovered/repaid back to the revolving fund	Enhanced loan recovery efforts	Recovered <b>Ksh.234.6 million</b> of loans disbursed

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	To increase loan uptake	Amount of loans disbursed to youth entrepreneurs	Loan disbursements to youth owned enterprises	Disbursed <b>Ksh.143.8 million</b> to youth enterprises
<b>Business Development Services</b>	To facilitate establishment and sustainability of youth owned enterprises	Number of youth sensitized and trained in entrepreneurship skills	Undertake entrepreneurship trainings and sensitizations across the country	Sensitized and trained <b>82,700</b> youth on entrepreneurship skills
		Number of youth enrolled and mentored in a business mentorship program	Enrol and mentor youth in a business mentorship program	Enrolled and mentored <b>4,815</b> youth in a business mentorship program
		Number of youth facilitated/supported to access market for their products	Support/facilitate youth to market their products locally/internationally through for example market exhibitions, trade fairs, ASK Shows	Facilitated <b>1,620</b> youth to access market for their products
	To promote youth-owned business innovations	Number of youth supported to access business innovation and incubation facilities	Facilitate and support youth to access business innovation and incubation facilities through partnerships and collaborations with business innovation/incubation hubs	Supported <b>1,528</b> youth to access business innovation and incubation services
<b>Resource Mobilization</b>	To expand and adopt diverse, cost effective revenue streams	Number of MOUs signed/Strategic Partnerships/Collaboration	Source and engage strategic development partners and collaborations to mobilize/raise funds in-cash or in-kind to fill resource gaps at the Fund	YEDF engaged 5 new partners in FY 2022/23. Synergies from strategic partnerships are instrumental in enabling achieve its objectives cost-effectively while enhancing its impact. Most partnership support YEDF activities in-kind.

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		Amount mobilized/raised from resource mobilization initiatives	Lobby and mobilize funds in-cash or in-kind from strategic development partners and collaborations	The Fund raised <b>Ksh.6, 807,396.00</b> from Donors
<b>Strengthening Strategic Operations</b>	To strengthen the Fund's institutional capacity and operational efficiency in service delivery	Status of the Enterprise Resource Planning (ERP) installation	Complete Phase II of the ERP installation	Phase II of the ERP installation project was initiated and at its final stage of completion
		Number of staff trained to build capacity and enhance competence	Undertake a staff training needs assessment	Staff Training Needs Assessment was undertaken
			Develop a staff training program/calendar	Staff Training program/calendar was developed
			Facilitate training for the identified staff	Trained <b>106 staff</b> to on core competencies and mainstreaming e.g., disability, gender, HIV&AIDS and ADA
		Absorption capacity of allocated funds	Monitor and ensure compliance of PFM Act 2012	Attained <b>79%</b> absorption capacity of allocated funds
		Asset Management	Maintain asset register and disposal of obsolete assets	Asset register maintained. Disposal is however earmarked for FY 2023/24
		Development of a risk mitigation framework	Undertake development of a risk mitigation framework	Developed a risk mitigation framework

The Fund continuously scans the environment in which it operates in a bid to ensure it optimises on its strengths, mitigates its weaknesses and threats as it capitalises on available opportunities. This is done taking cognisance of the political, economic, social, technological and legal realities of the day.

**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;

- i) Full Board Meetings - 10
- ii) Board Committee meetings - 12

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

Board members performance is evaluated annually in accordance with the State Corporations Advisory Committee’s calendar year. This is meant to measure the Board’s capacity to execute its mandate while advising and or recommending corrective measures where the same is desirable. During Board meetings, members are required to declare any conflict of interest

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they may have over any of the agendas to be deliberated; this is then captured and/or recorded in the minutes and the declarations of interest book.

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

## **9. Management Discussion and Analysis**

### **Operational and financial Performance**

The Fund is on a growth trajectory having posted a surplus of Kshs **5,168, 982** in the year under review compared to a deficit of Kshs **(123,233,755)**. The growth is an improvement of **104.17%** compared to prior year. The Fund has and will continue to with cost cutting/austerity measures continue to be undertaken by the Fund's management thus maintaining the positive cash flow position. The Fund rides on being a social fund partly funded by exchequer rather than a purely commercial enterprise.

The lending landscape has shifted dramatically with technology as the driving force. It is in light of this realisation that the Fund is on the last mile of its Enterprise Resource Planning system.

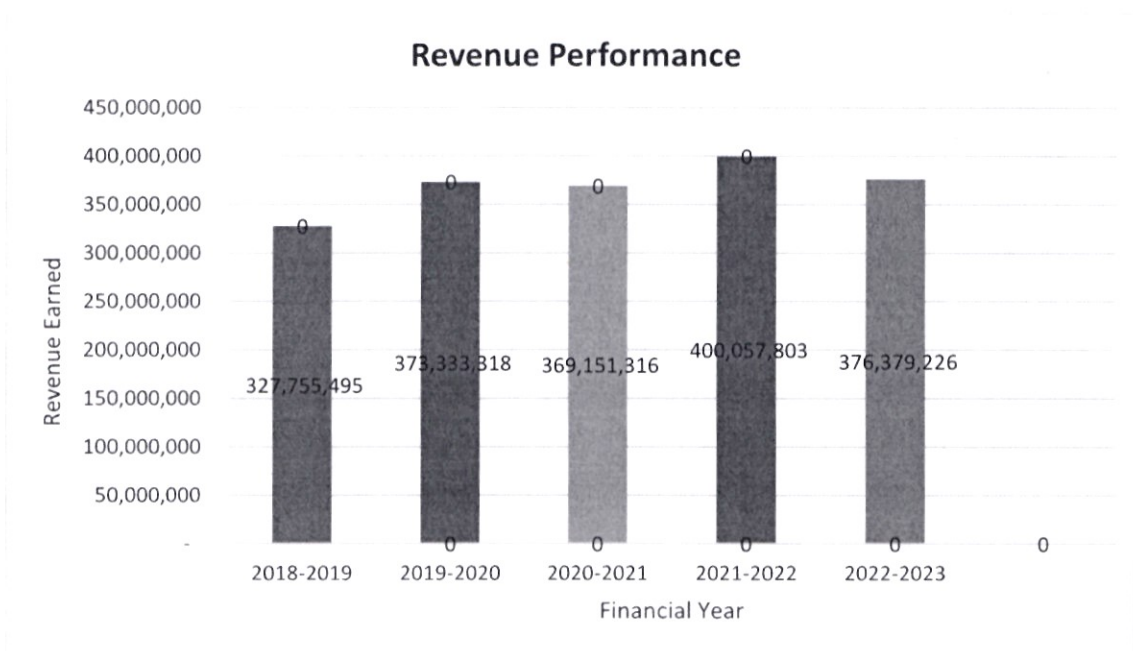
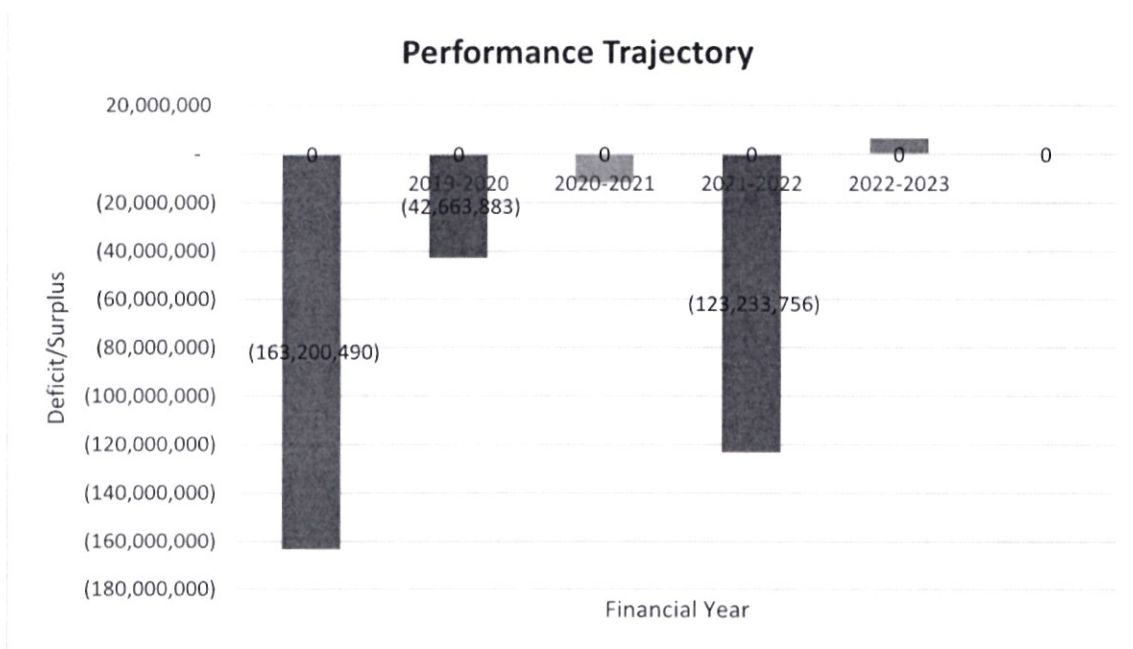
The Fund still continues to execute the other mandates with positive impact on the youth registered across the respective mandate areas going by the success stories.

During the year, the Fund disbursed a total of **Kes 234.6 million** with corresponding recoveries of **Ksh.143.8 million**.

In capacity building of youth and youth owned enterprises **82,700** youths were sensitised on entrepreneurship skills thus better equipping them to handle business challenges. Similarly, Commercial Infrastructure unit offered **1,528** youth and youth –owned businesses with business and technical support during the year under consideration thus placing them in a good position towards business success.

The Fund looks forward to improve on this performance going forward through partnerships and building synergies across industry sectors for the betterment of the Kenyan youth.

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Lending being the key mandate of the Fund which is the main driver towards the achievement of the Funds vision of empowered youth running sustainable enterprises. During the period, a total of Kes 143.75 million was disbursed across the country. Kshs 234.6 Million was recovered. During the period, YEDF through GIZ and the British Council conducted capacity building on all its county and head office credit officers. The trainings played a critical role in equipping the officers with current lending practices and skills which will go a long way in



improving disbursements and quality of the loan portfolio. Various recovery strategies were also adopted including listing of defaulters with CRB. This was extended to group loan borrowers.



*Photo: Asset Financing*

The Capacity Building and Enterprise Development unit provides Entrepreneurship training and appropriate Business Development Services to youth engaging in business in order to ensure that they have adequate skills, and are able to identify and tap into business opportunities, while embracing modern business management techniques. The unit has developed training modules mentorship guidelines and other tools for conducting business counselling, coaching and sector based clinics.

Further to the enterprise development function, the Unit also facilitates employment of youth abroad by offering pre departure training to labour migrants and capacity builds them to save and invest money back home through entrepreneurial ventures. During the year, the Fund enrolled and mentored 4,815 youth in a business mentorship program.

The Market support and Linkages department is mandated to facilitate youth in marketing their products locally and internationally, and linking them with larger enterprises. Within this stated period of the financial year 2022/2023, the department supported 1,620 youth to market

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their products locally and internationally. This was achieved through County based initiatives by YEDF county officers, strategic partnerships and online marketing. The Fund organized exhibitions locally and internationally, had various value addition programs that were aimed at ensuring that youth products meet the required market standards, and online campaigns. Youth were also linked with larger enterprises, sensitized on product standardization and branding, packaging, patenting, trademarks, barcoding, and other market promotion strategies that position the youth products in the competitive markets.

During the year, the Fund engaged 5 new partners. Synergies from strategic partnerships are instrumental in enabling achieve its objectives cost-effectively while enhancing its impact. It is worth noting that most partnership is in-kind. The implementation of the resource mobilisation strategy of the Fund is on –course. However, it has faced a number of challenges which includes but not limited to resource constraints.

## **10. Environmental and Sustainability Reporting**

The purpose of the Fund is to transform the lives of the Kenyan Youth. This is the driving force behind the very establishment of the institution, with the consideration that the youth make up the largest percentage of the economy being 70% of Kenya's population. With this in mind, our strategy is putting the youth first in the delivery of our mandates, services and improving operational excellence.

Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

The Fund is cognizant of political and macroeconomic risks affecting the Fund's sustainability. This includes political interference in the day-to-day running of the Fund's activities, inadequate funding received from the exchequer, poor loan repayments due to wrong perceptions towards government funds by the youth as well as dynamics of government re-structuring and competition from other lending institutions. To mitigate against the aforementioned risk exposure, the management of YEDF has put in place an enterprise risk framework that includes, but is not limited to; implementing the approved Resource Mobilization strategy where the fund source for additional funding from different stakeholders. This has proved to work for the organization, as for the financial year under review, the Fund received Kshs. **6.8 M** from various donors under the revamped resource mobilisation unit. The Fund has continued to enhance and introduced new income generating activities within its Mandate including pre-disbursement fees and lease of commercial infrastructure structures which have both generated a cumulative amount of Kshs. **2.7 M** during the year under review. In addition, the Fund also engages strategic partners that leverages and saves on program costs.

During the financial year under review, the fund engaged five partners which have enabled the fund to perform its mandate on the minimum cost possible. The Fund also ensures efficient utilization of its available resources by ensuring its expenditure are within the annual budget and income is realised within the financial year.

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**ii) Environmental performance**

Environment sustainability and the need to address the climate crisis are priorities for the Youth Enterprise Development Fund. This financial year, we continued to reinforce our commitment to the practice of sound environmental stewardship and the promotion of our constituents' health, safety, and well-being. The following report outlines the environmental performance of the YEDF, with a focus on its environmental policy, successes and shortcomings, efforts in biodiversity management, waste management policy, and initiatives to reduce the environmental impact of its products.

The YEDF is currently reviewing its environmental policy, which will outline the organization's commitment to environmental protection, sustainable development, and specific goals such as carbon footprint reduction, support for sustainable businesses, and biodiversity promotion. The policy's focus will be on minimizing the environmental footprint, promoting sustainable practices among youth entrepreneurs, and contributing to the overall environmental well-being through responsible resource use, waste reduction, and preservation of the environment.

The initiatives undertaken during the financial year include:

- **Training:** The YEDF has integrated environmental sustainability into training programs which has increased awareness and adoption of eco-friendly practices among its staff and youth entrepreneurs.
- **Green Start-ups:** The Fund has funded several start-ups that have successfully adopted sustainable business models, contributing to both environmental and financial gains.
- **Tree Planting:** The Fund has conducted tree planting activities involving both its staff and youth who are its core target clients. These platforms have also been used to create awareness about the importance of environmental responsibility in business.

On 27<sup>th</sup> June 2023, the YEDF management and staff led by the PS for MSMEs Development, Ms. Susan Mangéni planted tree in Kitengela, Kajiado County.



On 12<sup>th</sup> May 2023, Board, Management and Staff led by the Cabinet Secretary for Cooperatives and MSMEs Development Simon Chelugui planted atleast 10,000 trees in Baringo County. The initiative involving primary and secondary going school children and communities within Baringo ran for two weeks.



**iii) Employee welfare**

i) 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,

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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.

To be precise the Human Resource Policies & Procedures manual acts as the common reference policy document that guides on 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 205, of which, there are 115 male (56%) and 90 female (44%) respectively. Moreso, the Fund has considered the one-third rule at management level, where the male is 59% and female at 41%.

ii) The 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.

iii) 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 planning, delivery, and evaluation of work performance. This is done through setting of work plans in the financial year based on strategic plan and Performance Contract by employees and evaluated by the end of the year and feedback give to respective employees. Thereafter, the Fund is able to recognize and reward exemplary performance to deserving employees basing on the reward policy document.

iv) 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 to 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.

**iv) Market place practices**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

The YEDF) upholds responsible competition practices by employing a comprehensive approach that addresses various key aspects. Firstly, the Fund emphasizes anti-corruption measures, ensuring transparency and integrity in all its activities. This commitment extends to responsible political involvement, as YEDF maintains a strict policy against engaging in political activities that could compromise its impartiality. Moreover, the fund promotes fair competition by providing equal opportunities to all youth entrepreneurs, regardless of background or affiliations, fostering an environment that encourages innovation and merit-based success. The YEDF also ensures respect for competitors by promoting ethical behavior and discouraging any form of unethical business tactics that could harm the reputation and relationships within the entrepreneurial community.

**b) Responsible Supply chain and supplier relations**

Youth Enterprise Development Fund maintains good business practices with its internal stakeholders being the respective departments and the external stakeholders that are the suppliers through;

**• Proper maintenance of records**

We ensure that we have proper documentation from the suppliers on their capability and ensure that they have all the Mandatory documents as required i.e. Registration certificates, Requisition forms, Request for quotations, Order processing, Delivery of goods/services, Inspection of the goods/ services to ensure they meet the set standards / specifications and finally payment of the supplier.

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- **Regular meetings**

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

- (i) Co-ordinate our supply schedule with theirs.
- (ii) Discuss ways to reduce overall costs through timing of orders/contracts.
- (iii) Consider additional products or services that our supplier could provide.
- (iv) Update them on strategic changes or new products early on - this helps them adapt to meet those changes.
- (v) Analyse how well we forecast sales and plan to meet our customer needs. Sharing the results of this analysis with our suppliers will allow us to develop accurate supply plans
- (vi) Use a purchase order system to control and monitor the buying of goods and services from suppliers - this facilitates internal financial controls and prevents specification misunderstandings at the supplier's end.
- (vii) Pay bills promptly. Delayed payments could lead to a strain in our relationship with the supplier and could lead to less favourable terms in future.

- **Use technology to improve efficiency**

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

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

- (i) Analyse real-time information about sales, orders or market trends
- (ii) Forecast and react quickly to changes in demand
- (iii) Improve efficiency - accurate information on stock. You will only order the supplies you need.

The Fund has implemented an ERP system that has enhanced the procurement process. The system has made it faster in terms of service delivery to our internal and external stake holders.



- **Service level agreements**

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

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

- **Review our stake holder performance**

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

If not, even at this stage it may be worth using an SLA to define the terms and level of service you require from them. The review process is particularly important as it ensures that we have a good after sale service.

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

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

**c) Responsible marketing and advertisement**

The YEDF demonstrates a vigilant and principled commitment to ethical marketing and advertising practices. The Fund prioritizes truthfulness and accuracy in all promotional materials, ensuring transparency and reliability for the public. Stringent guidelines are enforced to prevent misleading claims, false endorsements, and deceptive advertising that could erode stakeholder trust. The YEDF actively collaborates with regulatory bodies and industry watchdogs to align its marketing efforts with evolving ethical standards. Recognizing the significance of marketing communication, YEDF informs target clients about its loan products and services, guided by the highest standards of responsible advertising. The organization refrains from using vulgar or demeaning language, ensures audience-appropriate messages, and maintains legality, decency, and accuracy. Upholding human dignity and non-discrimination, YEDF's commitment stems from its code of conduct, core values, and operational policies. Through continuous training, the Fund equips employees with a comprehensive understanding of marketing and advertising laws, internal policies, and best practices, emphasizing compliance not just as a legal obligation, but as an ethical imperative.

**d) Product stewardship**

The YEDF demonstrates a strong commitment to product stewardship, with a specific focus on its diverse array of loan products tailored to empower youth entrepreneurs in their business endeavours. The Fund's approach extents the complete lifecycle of these financial offerings, beginning with responsible product design aimed at promoting sustainable growth and minimizing potential adverse effects. The Fund prioritizes comprehensive client engagement by educating and guiding young entrepreneurs, emphasizing careful financial management and ethical business conduct.

The Fund is also committed to providing financial products and services that safeguard the rights and interests of its clients. Through transparent practices, the Fund diligently discloses all loan requirements, including processing costs and applicable interest charges. Dedicated staff address any queries or concerns raised by applicants, ensuring clarity throughout the lending process. The utmost confidentiality is maintained for personal information gathered during loan applications, and security measures are in place to safeguard vital documents against theft and damage. Clients are fully informed about the purpose and potential transfer of collected information to third parties when relevant.

**v) Corporate Social Responsibility**

The YEDF is firmly dedicated to upholding responsible corporate citizenship in all aspects of its operations and endeavors. Operating under a well-structured CSR policy, YEDF empowers its staff to engage in business practices that are both sustainable and socially conscientious, thereby aligning with the expectations of its diverse array of stakeholders. This comprehensive stakeholder community includes the Youth, employees, regulators, government entities, suppliers, the local community, and the environment. Through targeted CSR initiatives, YEDF tackles a range of social, economic, and environmental challenges that impact these stakeholders. Demonstrating its commitment, YEDF ensures the execution of at least one CSR activity annually, underscoring its unwavering dedication to responsible involvement.

During the year under review, the Fund successfully organized two impactful tree planting exercises. On the 27th of June 2023, the YEDF management, staff and youth, under the leadership of the PS for MSMEs Development, Ms. Susan Mangéni, organised a tree planting event in Kitengela, Kajiado County where 1000 trees were planted. Similarly, on the 12th of May 2023, the Board, Management, Staff, youth beneficiaries and communities, led by the Cabinet Secretary for Cooperatives and MSMEs Development, Simon Chelugui, embarked on a tree planting initiative in Baringo County, planting a remarkable 10,000 trees. This initiative engaged both primary and secondary school children, as well as communities within Baringo, spanning a span of two weeks.

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**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show 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 provision of business development services to the Kenyan Youth.

**ii) Results**

The results of the Fund for the year ended 30th June 2023 are set out on page 1.

**iii) Directors**

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

1. Dr. Eng. Victor M. Mwangera - Upto 15.10.2022
2. Hon. Catherine Kasimu Munanyi'e - Upto 15.10.2022
3. Ms. Emily Maina - Upto 15.10.2022
4. Dr. Grace Wambui Kibuku - Upto 15.10.2022
5. Mr. Roy Telewa Sasaka - Upto 15.10.2022
6. Mr. Samwel Kumba - Upto 15.10.2022
7. Mr. Amos Mogeni Isoe - Upto 15.10.2022
8. Dr. Susan Njoki Mambo - Upto 15.10.2022
9. Ms. Faith Lukosi

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. Susan Mang'eni - w.e.f. 24.02.2023
6. Ms. Caroline Wambui Njue - w.e.f. 24.02.2023
7. Mr. Symon Ayabei Almaida -w.e.f. 24.02.2023.

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**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

**Secretary to the Board**

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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 which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.

The Directors are responsible for the preparation and presentation of the 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, 2023. 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 Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at 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.

**Youth Enterprise Development Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2023.**

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**Approval of the financial statements**

The Youth Enterprise Development Fund's financial statements were approved by the Board on 07/09/2023 and signed on its behalf by:



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



.....  
Josiah Arabu Moriasi  
**Accounting Officer**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON YOUTH ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Youth Enterprise Development Fund set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in

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*Report of the Auditor-General on Youth Enterprise Development Fund for the year ended 30 June, 2023*



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

In my opinion, except for the effects of 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 the Youth Enterprise Development Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

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

##### **1.1 Non-Performing Loans**

The statement of financial position and as disclosed in Note 17(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.2,748,379,102. However, review of records revealed six (6) loan categories with an amount of Kshs.2,463,644,828 which had not been serviced for a period of more than three (3) years. In addition, the adequacy of a provision for bad and doubtful debts amounting to Kshs.395,460,218 could not be established. Further, Management did not explain the actions being taken to recover the long outstanding amounts.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.2,463,644,828 could not be confirmed.

##### **1.2 Unidentified Loan Repayment**

As previously reported, the statement of financial position and as disclosed in Note 17(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.2,748,379,102. Included in the balance is an amount of Kshs.66,138,662 relating to loan repayments from unidentified borrowers, with some remaining unidentified for more than three (3) years. Management did not explain why reconciliations were not done in order to update and allocate borrowers accounts which could lead to misstatement of receivables from exchange transactions balance.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.66,138,662 could not be confirmed.

##### **1.3 Unrecovered Irregular Payment**

As previously reported, the statement of financial position and as disclosed in Note 17(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.2,748,379,102, out of which an amount of Kshs.180,363,789 was held by a commercial bank and was irregularly paid to a Company following award of a supply's contract. This led to conviction of the Company and its Directors for conspiracy to commit an economic crime, unlawful acquisition of public property and falsifying documents.

However, there was no evidence to indicate that the amount will be repaid to the Fund and therefore its recoverability is doubtful. In addition, no provision for bad and doubtful debts was made for this amount.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.180,363,789 could not be confirmed.

## **2. Unconfirmed Inventories**

The statement of financial position and disclosure Note 19 to the financial statements reflects inventories balance of Kshs.36,600,500 which has been brought forward from the previous financial year. The balance relates to automatic hatching machines that were procured during the financial year 2012/2013. The stock take report for the period ended 30 June, 2023 reflects that eight hundred and fifty-three (853) and fifty-two (52) pieces were being held at the National Youth Service (NYS) Ruaraka and NYS Mtongwe respectively, and they have been carried forward throughout the years without being disposed. Further, it was noted that despite the inventories being slow moving and likely to be impaired, no provision for impairment has been made.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.36,600,500 could not be confirmed.

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

## **Emphasis of Matter**

### **1. Going Concern**

I draw your attention to Note 24 to the financial statements which indicates that the Fund has been reporting losses over the past years. During the year under review, the Fund had an improved performance, reporting a surplus of Kshs.5,168,982 compared to deficit of Kshs.123,233,755 in the previous year.

The poor performance over the last seven years has eroded the capital invested in the revolving Fund and impaired the ability of the Fund to discharge its mandate. This also casts significant doubt on the Fund's ability to sustain its services in the foreseeable future.

### **2. Budgetary Control and Performance**

The statement of comparison budget and actual amounts reflects recurrent budget final and actual receipts on a comparable basis of Kshs.393,379,329 and Kshs.380,515,075 respectively resulting to an under-performance of Kshs.12,864,254 or 3% of the budget.

Similarly, the Fund spent Kshs.375,346,094 against an approved budget of Kshs.393,379,329 resulting to an under-expenditure of Kshs.18,033,235 or 5% of the

budget. The underfunding and under expenditure in recurrent vote affected the planned activities and may have impacted negatively on service delivery to the public.

Further, the statement reflects development final budget and actual receipts on a comparable basis of Kshs.533,750,000 and Kshs.278,352,104 respectively resulting to an under-funding of Kshs.255,397,896 or 48% of the budget. Similarly, the Fund spent Kshs.147,006,336 against an approved budget of Kshs.533,750,000 resulting to an under-expenditure of Kshs.386,743,664 or 72% of the budget.

The underfunding and under-expenditure in development vote affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2023.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

22 February, 2024



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12/21/2017


**Youth Enterprise Development Fund  
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For the year ended June 30, 2023.**


**14. Statement of Financial Performance for the year ended 30 June 2023**


		2022/2023	Audited 2021/2022
	Notes	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Grants from Government of Kenya	6	307,847,500	344,089,300
		<b>307,847,500</b>	<b>344,089,300</b>
<b>Revenue from exchange transactions</b>			
Interest and fees	7	58,213,119	50,304,289
Other income	8	14,454,457	5,664,214
		<b>72,667,575</b>	<b>55,968,503</b>
<b>Total revenue</b>		<b>380,515,075</b>	<b>400,057,803</b>
<b>Expenses</b>			
Use of Goods and Services	14	73,340,089	87,658,475
Programme expenses	9	29,662,229	21,497,266
Employee costs	10	212,056,654	232,580,818
Board Remuneration & other related	11	26,112,296	24,693,278
Depreciation & amortisation expense	12	25,959,088	11,717,883
Repairs & maintenance	13	8,215,738	9,414,338
<b>Total expenses</b>		<b>375,346,094</b>	<b>387,562,058</b>
<b>Other expenses</b>			
Loss on revaluation of inventory	15	-	135,729,500
<b>Surplus/(Deficit) for the period</b>		<b>5,168,982</b>	<b>(123,233,755)</b>

The notes set out on pages 10 to 41 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 9 were signed on behalf of the Board of Directors by:

  
.....  
Josiah Arabu Moriasi  
Accounting Officer

  
.....  
Benedict S. Atavachi  
Head of Finance  
ICPAK Member No:3081

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

Date: 26/1/2024

Date: 26/1/2024

Date: 26/1/2024





**Youth Enterprise Development Fund  
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**15. Statement of Financial Position as at 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	165,971,325	62,593,870
Receivables from exchange transactions	17a	2,748,379,102	3,023,667,308
Receivables from non-exchange transactions	18	944,281	944,281
Inventories	19	36,600,500	36,600,500
		<b>2,951,895,208</b>	<b>3,123,805,959</b>
<b>Non-current assets</b>			
Receivables from exchange transactions	17b	238,268,253	-
Property, plant and equipment	20	60,871,174	76,886,938
Investment Property	21	22,183,649	24,852,422
Intangible assets	22	9,000,000	13,021,968
		330,323,076	114,761,328
<b>Total assets</b>		<b>3,282,218,284</b>	<b>3,238,567,287</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange	23	82,910,035	88,178,020
<b>Total liabilities</b>		<b>82,910,035</b>	<b>88,178,020</b>
<b>Net assets</b>			
Revolving Fund	25	3,565,245,976	3,521,495,976
Revaluation Reserve	26	40,056,427	40,056,427
Accumulated Deficit	24	(405,994,154)	(411,163,136)
<b>Total Net Assets</b>		<b>3,199,308,249</b>	<b>3,150,389,266</b>
<b>Total net assets and liabilities</b>		<b>3,282,218,284</b>	<b>3,238,567,287</b>

The Financial Statements set out on pages 1 to 9 were signed on behalf of the Board of Directors by:

  
.....  
Josiah Arabu Moriasi  
Accounting Officer

  
.....  
Benedict S. Atavachi  
Head of Finance  
ICPAK Member No:3081

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

Date: 26/1/2024

Date: 26/1/2024

Date: 26/1/2024

**16. Statement of Changes in Net Assets for the year ended 30 June 2023**

	<b>Revolving Fund</b>	<b>Accumulated Surplus</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>
<b>Balance as at July 1 2021</b>	4,167,798,856	(1,076,457,413)	-	3,091,341,443
Deficit for the period		(123,233,755)	-	(123,233,755)
Prior year adjustment	(776,302,880)	788,528,031	-	12,225,152
Addition for the year	130,000,000		40,056,427	170,056,427
<b>Balance as at 30 June 2022</b>	<b>3,521,495,976</b>	<b>(411,163,136)</b>	<b>40,056,427</b>	<b>3,150,389,267</b>
				-
<b>As at July 1, 2022</b>	<b>3,521,495,976</b>	<b>(411,163,136)</b>	<b>40,056,427</b>	<b>3,150,389,266</b>
Surplus for the period		5,168,982		5,168,982
Addition for the year	43,750,000			43,750,000
<b>Balance as at 30 June 2023</b>	<b>3,565,245,976</b>	<b>(405,994,154)</b>	<b>40,056,427</b>	<b>3,199,308,249</b>

**Youth Enterprise Development Fund  
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**17. Statement of Cash Flows for the year ended 30 June 2023**

		<b>2022-2023</b>	<b>2021-2022</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflows from operating activities</b>			
<b>Receipts</b>			
Grants from Government of Kenya	6	307,847,500	344,089,300
Total loan amount Loan amount repaid		234,602,104	-
Interest and fees		-	41,502,774
Other income	8b	10,318,607	4,110,114
<b>Total Receipts</b>		<b>552,768,211</b>	<b>389,702,188</b>
<b>Payments</b>			
Loan issued during the year		143,753,750	-
Use of Goods and Services	14	73,340,089	97,615,118
Programme expenses	9	29,662,229	43,617,486
Employee costs	10	212,056,654	222,618,921
Board Remuneration & other related expenses	11	26,112,296	24,693,278
Repairs & maintenance	13	8,215,738	9,414,338
<b>Total Payments</b>		<b>493,140,756</b>	<b>397,959,141</b>
<b>Net Cashflows from/ (used in) operating activities</b>		<b>59,627,456</b>	<b>(8,256,953)</b>
<b>Cashflows from investing activities</b>			
Proceeds from sale of PPE	8	-	1,554,100
Purchase of PPE and Intangible assets	21	-	(1,911,200)
Loans issued		-	(370,011,948)
Loans repaid		-	276,800,000
<b>Net cash flows from (net cash used in) investing activities</b>		<b>-</b>	<b>(93,569,048)</b>
<b>Cashflows from Financing activities</b>			
Grants from Government of Kenya	26	43,750,000	130,000,000
<b>Net cash flows from/(used in) financing activities</b>		<b>43,750,000</b>	<b>130,000,000</b>
<b>Net Increase in cash and cash equivalents</b>		<b>103,377,455</b>	<b>28,173,999</b>
<b>Cash &amp; cash equivalent at 1 July 2022</b>	16	<b>62,593,870</b>	<b>34,419,871</b>
<b>Cash &amp; cash equivalents at 30 June 2023</b>	16	<b>165,971,325</b>	<b>62,593,870</b>

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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023		
Revenue	Kshs '000	Kshs '000	Kshs '000	Kshs '000		
Income from Treasury	307,884,835	-	307,884,835	307,847,500	(37,335)	99.99%
					-	
	<b>307,884,835</b>	<b>-</b>	<b>307,884,835</b>	<b>307,847,500</b>	<b>(37,335)</b>	
					-	
<b>Interest and management fees on loans</b>					-	
Mgt fees - C-YES, Eyes; LPO and other loan processing fees	15,382,500		15,382,500	4,915,843	(10,466,657)	31.96%
Interest income on Loans	36,234,598		36,234,598	50,577,989	14,343,391	139.58%
Management Fee from Commercial Infrastructure	2,016,000		2,016,000	1,150,280	(865,720)	57.06%
	<b>53,633,098</b>		<b>53,633,098</b>	<b>56,644,112</b>	<b>3,011,014</b>	
					-	
<b>Interest on bank balances</b>					-	
Interest earned on bank balances	<b>3,000,000</b>		<b>3,000,000</b>	<b>358,711</b>	<b>(2,641,289)</b>	<b>11.96%</b>
					-	
<b>Other income</b>					-	
Income from resource mobilisation initiatives	18,736,585		18,736,585	-	(18,736,585)	0.00%
Bid bond and other miscellaneous revenue	520,000		520,000	53,500	(466,500)	10.29%
Donations	7,204,811		7,204,811	6,807,396	(397,415)	94.48%
Pre-disbursement fees	2,400,000		2,400,000	1,568,007	(831,993)	65.33%
Insurance claim	-		-	3,100,000	3,100,000	0.00%
Reduction in provision for bad debts	-		-	4,135,850	4,135,850	-
	<b>28,861,396</b>	<b>-</b>	<b>28,861,396</b>	<b>15,664,752</b>	<b>(13,196,644)</b>	
<b>Total income</b>	<b>393,379,329</b>	<b>-</b>	<b>393,379,329</b>	<b>380,515,075</b>	<b>(12,864,254)</b>	

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023		
<b>Revenue</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>		
<b>Expenses</b>						
Lending/Credit	6,310,000		6,310,000	6,236,340	73,660	98.83%
Youth Enterprise Scheme Abroad	640,000		640,000	521,600	118,400	81.50%
Commercial Infrastructure	1,050,000		1,050,000	947,315	102,685	90.22%
Market Linkages	1,750,000		1,750,000	1,747,655	2,345	99.87%
Capacity building for youth enterprises	6,400,000		6,400,000	6,360,695	39,305	99.39%
Research Unit	-		-	-	-	
Monitoring and Evaluation	7,050,000		7,050,000	7,036,655	13,345	99.81%
Resource Mobilization	6,814,811		6,814,811	6,811,969	2,842	99.96%
	<b>30,014,811</b>		<b>30,014,811</b>	<b>29,662,229</b>	<b>352,582</b>	<b>98.83%</b>
					-	
<b>Human Capital Expenses</b>					-	
Staff Training	800,000		800,000	683,970	116,030	85.50%
Recruitment	510,000		510,000	502,200	7,800	98.47%
Performance Appraisal and Benchmarking	50,000		50,000	42,000	8,000	84.00%
Personnel salary and emoluments	168,000,000		168,000,000	161,586,879	6,413,121	96.18%
Group life and Personal Accident Cover	3,850,000		3,850,000	3,771,504	78,496	97.96%
Medical Expenses	28,500,000		28,500,000	28,289,053	210,947	99.26%
Staff Welfare	4,174,000		4,174,000	4,059,266	114,734	97.25%
Gratuity CEO's & Contract Staff	16,422,358		16,422,358	12,454,027	3,968,331	75.84%
Mainstreaming, Sensitization & Surveys	750,000		750,000	667,755	82,245	89.03%
	<b>223,056,358</b>		<b>223,056,358</b>	<b>212,056,654</b>	<b>10,999,704</b>	

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023		
	Kshs '000	Kshs '000	Kshs '000	Kshs '000		
<b>Revenue</b>						
Board Expenses					-	
Board Allowance	12,480,000		12,480,000	12,121,191	358,809	97.12%
Board Transport	6,000,000		6,000,000	5,978,274	21,726	99.64%
Chairperson Honorarium	960,000		960,000	865,993	94,007	90.21%
Board Training & Med. & Accident Insurance. & Misc.	1,300,000		1,300,000	1,192,948	107,052	91.77%
Board Retreat	6,000,000		6,000,000	5,953,890	46,110	99.23%
	<b>26,740,000</b>	-	<b>26,740,000</b>	<b>26,112,296</b>	<b>627,704</b>	
<b>Depreciation</b>						
Property, plant and equipment and Intangible assets	19,957,160		19,957,160	25,959,088	(6,001,928)	130.07%
	<b>19,957,160</b>		<b>19,957,160</b>	<b>25,959,088</b>	<b>(6,122,689)</b>	
<b>Repairs &amp; Maintenance</b>						
Motor vehicle and cycle fuel and repairs	10,800,000		10,800,000	8,215,738	2,584,262	76.07%
	<b>10,800,000</b>	-	<b>10,800,000</b>	<b>8,215,738</b>	<b>2,584,262</b>	
<b>Administrative expenses</b>						
Travelling Costs	800,000		800,000	779,425	20,575	97.43%
Telephone Costs	4,200,000		4,200,000	4,136,998	63,002	98.50%
Office Rent and Maintenance	27,924,000		27,924,000	26,847,577	1,076,423	96.15%
Newspapers/Magazines/Journals	-		-	-	-	0.00%
Office Stationery	4,800,000		4,800,000	4,580,490	219,510	95.43%
Audit Fees	1,392,000		1,392,000	1,392,000	-	100.00%
Internal Audit Expenses	3,869,000		3,869,000	3,803,315	65,685	98.30%
Legal Fees	8,000,000		8,000,000	6,224,808	1,775,192	77.81%
Insurance for Motor Vehicle and Equipment	2,000,000		2,000,000	1,885,394	114,606	94.27%
Internet & Network Connectivity, Website & DSTV	13,180,000		13,180,000	10,814,016	2,365,984	82.05%

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023		
	Kshs '000	Kshs '000	Kshs '000	Kshs '000		
<b>Revenue</b>						
Courier/Postal Services	1,440,000		1,440,000	1,206,271	233,729	83.77%
Office utilities	6,180,000		6,180,000	6,081,450	98,550	98.41%
Bank Charges	1,800,000		1,800,000	1,789,679	10,321	99.43%
Provision for bad debts	3,426,000		3,426,000	-	3,426,000	0.00%
Enhancing funds image	3,800,000		3,800,000	3,798,667	1,333	99.96%
	<b>82,811,000</b>	-	<b>82,811,000</b>	<b>73,340,089</b>	<b>9,470,911</b>	88.56%
<b>Total expenditure</b>	<b>393,379,329</b>	-	<b>393,379,329</b>	<b>375,346,094</b>	<b>18,033,235</b>	95.42%
<b>Surplus for the period</b>	-	-	-	<b>5,168,982</b>		
<b>Development Cash inflows</b>						
Development Grant from the Government of Kenya.	43,750,000		43,750,000	43,750,000	-	100.00%
Loan Repayments	490,000,000		490,000,000	234,602,104	(255,379,092)	47.88%
<b>Total</b>	<b>533,750,000</b>	-	<b>533,750,000</b>	<b>278,352,104</b>		52.15%
<b>Investment outlay</b>						
Group Loans -C YES	255,000,000		255,000,000	92,555,000	162,445,000	36.30%
Group Loans -E YES	5,000,000		5,000,000	100,000	4,900,000	2.00%
Individual Loans through Vuka	193,250,000		193,250,000	43,248,750	150,001,250	22.38%
Individual Loans through Trade Finance	15,000,000		15,000,000	2,600,000	12,400,000	17.33%
Individual Loans through Agri-bizz	20,000,000		20,000,000	4,950,000	15,050,000	24.75%
Individual Loans through Talanta	5,000,000		5,000,000	300,000	4,700,000	6.00%
Individual Loans through Asset Finance	15,000,000		15,000,000	-	15,000,000	0.00%
Vijana Baharia	3,000,000		3,000,000	-	3,000,000	0.00%

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023		
	Kshs '000	Kshs '000	Kshs '000	Kshs '000		
<b>Revenue</b>						
Staff Loans	10,000,000		10,000,000	-	10,000,000	0.00%
<b>Sub total</b>	<b>521,250,000</b>	<b>-</b>	<b>521,250,000</b>	<b>143,753,750</b>		<b>27.58%</b>
<b>Capital Expenditure</b>						
ICT Infrastructure upgrades & Furniture	12,500,000		12,500,000	3,252,586	9,247,414	26.02%
					-	
<b>Sub total</b>	<b>12,500,000</b>	<b>-</b>	<b>12,500,000</b>	<b>3,252,586</b>	<b>9,247,414</b>	
<b>Total</b>	<b>533,750,000</b>	<b>-</b>	<b>533,750,000</b>	<b>147,006,336</b>		<b>27.54%</b>



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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 2023.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>The fund has analysed the instruments and the standard has minimal impact on the fund's financial statements.</i></p>

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<p><b>PSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>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.</li> </ul> <p><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></p>

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Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <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).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><b><i>The provisions of the Standard are not applicable to the current operations of the Fund.</i></b></p>
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ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.***

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>The provisions of the Standard will be adopted in 2025 on rental expenses.</i></b></p>

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IPSAS 44:	<i>Applicable 1<sup>st</sup> January 2025</i>
Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</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 and may affect the on lending products.</i></p>

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022/2023.

**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 Co-operatives and Micro, Small and Medium Enterprises Development It is recognized as revenue when received. Where the fund receives an official commitment from the government or timing differences occur between the time the Government sends the funds and actual receipt; the grants are accrued.

**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.

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**b) Budget information**

The Budget for FY 2022-2023 was duly approved by the Board of Directors. No revisions were made during the year.

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

**c) Taxes**

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

**d) Investment property**

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

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

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

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.

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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.

**Notes to the Financial Statements (Continued)**

**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.

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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**

**Initial recognition and measurement**

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

**Loans and receivables**

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

**Held-to-maturity**

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

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

**Impairment of financial assets**

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



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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**

**Initial recognition and measurement**

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

**Loans and borrowing**

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

**Notes to the Financial Statements (Continued)**

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 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

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- 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 are assessed

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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**

**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

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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, 2023.

## **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**

Description	2022/2023	2021/2022
	Kshs	Kshs
Income from Treasury	307,847,500	344,089,300
<b>Total</b>	<b>307,847,500</b>	<b>344,089,300</b>

**7. Interest and Management Fees on Loans**

Description	2022/2023	2021/2022
	Kshs	Kshs
Mgt fees - C-YES	4,277,871	10,014,574
Mgt fees - Easy -YES	4,625	30,806
Mgt fees - Direct Funding Loans	443,488	1,276,572
Interest from Direct Funding Loans	45,133,579	29,801,515
Bid bond	1,000	5,000
LPO Processing fee	3,062,596	2,193,674
Tuckshops rental	1,150,280	2,245,000
Processing fee Agribizz	2,366,691	1,415,423
Processing fee Talanta & Penalty	204,983	65,000
Baharia Loan Management fees	-	13,725
YESA Pre-Departure	-	3,243,000
Pre-disbursement training fees	1,568,007	-
<b>Total</b>	<b>58,213,119</b>	<b>50,304,289</b>

**8. Other income**

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest earned on Fund Accounts	358,711	1,993,728
Security perfection fee	52,500	91,500
Donations	6,807,396	2,024,885
Insurance compensation	3,100,000	1,554,100
Reduction in provision for bad debts	4,135,850	-
<b>Total</b>	<b>14,454,457</b>	<b>5,664,213</b>
<b>8b. Other income – cash receipt</b>		
Total – other income	14,454,457	5,664,213
Less non cash income	(4,135,850)	
<b>Cash receipt from other income</b>	<b>10,318,607</b>	<b>5,664,213</b>

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**9. Programme expenses (Program Support expenditure)**

<b>Description</b>	<b>2022-2023</b>	<b>Audited 2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Lending/ credit	6,236,340	5,930,077
Youth Enterprise Scheme Abroad	521,600	500,000
Commercial Infrastructure	947,315	648,360
Market Linkages	1,747,655	2,194,745
Capacity building for youth enterprises	6,360,695	3,289,502
Monitoring and Evaluation	7,036,655	6,212,362
Resource mobilisation	6,811,969	2,722,220
<b>Total</b>	<b>29,662,229</b>	<b>21,497,266</b>

**10. Human Capital Expenses**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Staff Training	683,970	12,144,367
Recruitment	502,200	478,200
Performance Appraisal and Benchmarking	42,000	257,800
Personnel salary and emoluments	161,586,879	177,680,439
Wages for internship programme	-	530,355
Group life and Personal Accident Cover	3,771,504	2,499,516
Medical Expenses	28,289,053	24,000,000
Staff Welfare	4,059,266	4,961,244
Gratuity	12,454,027	9,961,897
Mainstreaming, Sensitization & Surveys	667,755	67,000
<b>Total</b>	<b>212,056,654</b>	<b>232,580,818</b>

**11. Board Remuneration and Other Expenses**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Board Allowance	12,121,191	11,762,124
Board Transport and Accommodation	5,978,274	6,089,974
Chairperson Honorarium	865,993	960,000
Board Retreat	5,953,890	2,911,600
Board Training & Med.&Accident Insu.&Misc.	1,192,948	2,969,580
<b>Total</b>	<b>26,112,296</b>	<b>24,693,278</b>

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**12. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	19,268,352	2,202,210
Investment Property	2,668,773	2,668,773
Intangible assets	4,021,965	6,846,900
<b>Total</b>	<b>25,959,088</b>	<b>11,717,883</b>

**13. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Motorcycles and Vehicle fuel and repairs	8,215,738	9,414,338
<b>Total</b>	<b>8,215,738</b>	<b>9,414,338</b>

**14. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Travelling Costs	779,425	1,270,385
Telephone Costs	4,136,998	4,085,197
Office Rent and Maintenance	26,847,577	26,208,103
Office Stationery	4,580,490	3,420,890
External Audit Fees	1,392,000	1,392,000
Internal Audit Fees	3,803,315	2,896,155
Legal Fees	6,224,808	8,779,555
Insurance for Motor Vehicle and Equipment	1,885,394	1,911,308
Internet and Network connectivity, Website and DSTV	10,814,016	9,812,878
Courier/Postal Services	1,206,271	1,380,427
Office utilities	6,081,450	6,160,231
Bank Charges	1,789,679	1,168,639
Provision for bad debts	-	8,706,927
Enhancing Fund image	3,798,667	6,965,780
Asset revaluation	-	3,500,000
<b>Total</b>	<b>73,340,089</b>	<b>87,658,475</b>



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**15. Loss on revaluation of Inventory**

Description	2022-2023	2021-2022
	Kshs	Kshs
Loss on revaluation of Inventory	-	135,729,500
<b>Total</b>	<b>-</b>	<b>135,729,500</b>

**16. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Bank</b>		
Current	165,093,420	61,522,118
Cash -in-hand	106,014	14,321
Safaricom -Mpesa	771,891	1,057,431
<b>Total</b>	<b>165,971,325</b>	<b>62,593,870</b>

**16 (a) Detailed Analysis of the Cash and Cash Equivalents**

		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
Equity Youth Enterprise Development Fund -Loan Repayment Account	180291347977	27,216	42,466
Equity Youth Enterprise Development Fund - Main	180290708175	19,140,972	8,804,662
Equity Youth Enterprise Development Fund - Direct Funding product	180299437260	100,725,435	35,380,295
Equity Youth Enterprise Development Fund- Operations account	180299434252	22,199,436	10,562,829
<b>Subtotal</b>		<b>142,093,059</b>	<b>54,790,252</b>
<b>Kenya Commercial Bank</b>			
KCB Main Account	1107099390	11,917,253	1,264,237
KCB Repayment Account	1107099544	262,136	261,965

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Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
LPO Account	1154767485	10,820,972	5,205,664
<b>Subtotal</b>		<b>23,000,361</b>	<b>6,731,866</b>
<b>b.) Others</b>			
Cash at hand		106,014	14,321
Mpesa	17592349-17	771,891	1,057,431
<b>Subtotal</b>		<b>877,905</b>	<b>1,071,752</b>
<b>Grand total</b>		<b>165,971,325</b>	<b>62,593,870</b>

**17. (a) Receivables from exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current receivables</b>		
Trade debtors	3,209,462,483	3,269,979,256
Other exchange debtors	515,497	5,164,752
Less: impairment allowance	(157,191,965)	(161,327,815)
Loans repaid unidentified	(66,138,662)	(90,148,885)
Less: impairment allowance	(238,268,253)	-
<b>Total current receivables</b>	<b>2,748,379,102</b>	<b>3,023,667,308</b>
<b>Total receivables</b>	<b>2,748,379,102</b>	<b>3,023,667,308</b>

This represents long term loans due within one year.

**17b. Non-Current Receivables**

Description	2022-2023	2021-2022
	Kshs	Kshs
Non-Current Trade Debtors	250,808,688	-
Less: impairment allowance	(12,540,434)	-
<b>Total Non-Current receivables</b>	<b>238,268,253</b>	<b>-</b>

This represents long term loans due after one year.

**17c. Reconciliation for Impairment Allowance On Receivables from Exchange Transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	161,327,815	152,620,888
Additional provisions for the year	(4,135,849)	8,706,927
<b>At the end of the year</b>	<b>157,191,966</b>	<b>161,327,815</b>

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**18. Receivables from Non-Exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current receivables</b>		
Prepayments	944,281	944,281
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>944,281</b>	<b>944,281</b>

**19. Inventories**

Description	2022-2023	2021-2022
	Kshs	Kshs
Hatcheries	36,600,500	36,600,500
<b>Total</b>	<b>36,600,500</b>	<b>36,600,500</b>

**20. Property, Plant and Equipment**

	Motor Vehicles	Furniture and fittings	Computers & Accessories	Motor Cycles	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>					
<b>At start 1<sup>st</sup> July 2021</b>	76,153,164	116,940,843	141,477,277	65,578,000	400,149,285
Additions	7,085,700	990,000	921,200	-	8,996,900
Disposals/Write-off	(3,858,900)	-	-	-	(3,858,900)
Cost (on Revaluation)	(72,294,264)	(90,869,345)	(137,512,952)	(65,578,000)	(366,254,561)
Revaluation	20,790,000	(3,253,048)	13,304,475	9,215,000	40,056,427
<b>As at 30<sup>th</sup> June 2022</b>	<b>27,875,700</b>	<b>23,808,450</b>	<b>18,190,000</b>	<b>9,215,000</b>	<b>79,089,151</b>
Additions for the year	-	580,580	2,672,006	-	3,252,586
<b>As at 30<sup>th</sup> June 2023</b>	<b>27,875,700</b>	<b>24,389,030</b>	<b>20,862,006</b>	<b>9,215,000</b>	<b>82,341,737</b>
<b>Depreciation</b>					
<b>At start 1<sup>st</sup> July 2021</b>	76,153,164	90,869,345	137,512,952	65,578,000	370,113,461
Disposals	(3,858,900)	-	-	-	(3,858,900)
Charge for the period	1,771,425	123,750	307,036	-	2,202,211
Cost	(72,294,264)	(90,869,345)	(137,512,952)	(65,578,000)	(366,254,561)
<b>As at 30<sup>th</sup> June 2022</b>	<b>1,771,425</b>	<b>123,750</b>	<b>307,036</b>	<b>-</b>	<b>2,202,211</b>
Charge for the year	6,968,925	3,048,629	6,947,048	2,303,750	19,268,352
<b>As at 30<sup>th</sup> June 2023</b>	<b>8,740,350</b>	<b>3,172,379</b>	<b>7,254,084</b>	<b>2,303,750</b>	<b>21,470,563</b>
<b>Net Book values</b>					
<b>As at 30<sup>th</sup> June 2022</b>	<b>26,104,275</b>	<b>23,684,700</b>	<b>17,882,964</b>	<b>9,215,000</b>	<b>76,886,938</b>
<b>As at 30<sup>th</sup> June 2023</b>	<b>19,135,350</b>	<b>21,216,651</b>	<b>13,607,922</b>	<b>6,911,250</b>	<b>60,871,174</b>

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**21. Investment Property**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Commercial Infrastructure- Building of Bus Shelters/ Stalls</b>		
At start of the period- cost	37,362,827	37,362,827
At start of the period- depreciation	(12,510,405)	(9,841,632)
Depreciation for the year	(2,668,773)	(2,668,773)
<b>Net book value as at 30 June 2023</b>	<b>22,183,649</b>	<b>24,852,422</b>

**22. Intangible Assets**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Cost - At Start of period	145,892,464	130,892,464
Additions	-	15,000,000
At end of period	<b>145,892,464</b>	<b>145,892,464</b>
<b>Amortisation</b>		
At Start of period	132,870,496	126,023,598
Charge for the period	4,021,965	6,846,898
At end of period	<b>136,892,461</b>	<b>132,870,496</b>
<b>Net book value as at 30 June 2023</b>	<b>9,000,000</b>	<b>13,021,968</b>

**23. Trade and Other Payables from Exchange Transactions**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	50,822,325	68,670,807
Provision for gratuity	28,925,615	17,374,618
Salary Deductions	3,162,095	2,132,595
<b>Total trade and other payables</b>	<b>82,910,035</b>	<b>88,178,020</b>

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**24. Accumulated Funds**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance b/f	(411,163,136)	(1,076,457,412)
Add : Surplus (Deficit) for the year to date	5,168,982	(123,233,755)
Prior year adjustment		788,528,031
	<b>(405,994,154)</b>	<b>(411,163,136)</b>

**25. Revolving Funds**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance b/f	3,521,495,976	4,167,798,856
Add: Received during the year	43,750,000	130,000,000
Prior year adjustment	-	(776,302,880)
	<b>3,565,245,976</b>	<b>3,521,495,976</b>

The balance outstanding in the Revolving Fund is part of the monies which are disbursed as loans to youth groups through Financial Intermediaries and direct lending.

**26. Revaluation Reserves**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance b/f	40,056,427	40,056,427
	<b>40,056,427</b>	<b>40,056,427</b>

**Note**

The balance outstanding in the Revolving Fund is part of the monies which are disbursed as loans to youth groups through Financial Intermediaries and direct lending.

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**27. Reconciliation of cash flows from Operating activities to Indirect method**

	2022/2023	2021/2022
Surplus /(Deficit) for the period	5,168,982	(123,233,755)
<b>Adjustments for:</b>		
Depreciation & Amortization	25,929,088	11,717,883
Provision for bad debts	(4,135,850)	8,706,927
Increase in other trade debtors	37,933,221	2,661,519
Gratuity		-
Provision for audit fees		1,392,000
		(36,304,770)
Movement in trade payables	(5,267,985)	(8,926,257)
Loss on revaluation of inventory	-	135,729,500
<b>Operating profit before working capital changes</b>	<b>59,627,456</b>	<b>(8,256,953)</b>

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

**Credit risk**

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

**Collateral**

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

The amount that best represents maximum exposure to credit risk as at June 30, 2023 is made up as follows;

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	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2023</b>				
Receivables from exchange transactions	2,986,647,353	2,829,455,388	-	157,191,965
Receivables from non-exchange transactions	944,281	944,281	0	0
Bank balances	165,971,326	165,971,326	0	0
<b>Total</b>	<b>3,153,562,960</b>	<b>2,996,370,995</b>	<b>-</b>	<b>157,191,965</b>
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	3,023,667,308	2,862,339,493	0	161,327,815
Receivables from non-exchange transactions	944,281	944,281	0	0
Bank balances	62,593,870	62,593,870	0	0
<b>Total</b>	<b>3,087,205,459</b>	<b>3,248,533,274</b>	<b>0</b>	<b>161,327,815</b>

ii) **Liquidity risk management**

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

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

<b>Description</b>	<b>2022-2023</b>		<b>2021-2022</b>	
	<b>Kshs</b>		<b>Kshs</b>	
Trade payables	50,822,325		68,670,807	
Provision for gratuity	28,925,615		17,374,618	
Salary Deductions	3,162,095		2,132,595	
<b>Total trade and other payables</b>	<b>82,910,035</b>		<b>88,178,020</b>	
<b>Ageing Analysis(Trade and Other payables)</b>	<b>2022/2023</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	82,910,035	100%	88,178,020	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>82,910,035</b>	<b>100%</b>	<b>88,178,020</b>	<b>100%</b>

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**iii) Capital Risk Management**

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

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Revolving Fund	3,565,245,976	3,522,832,224
Revaluation Reserve	40,056,427	40,056,427
Retained Earnings	-406,114,913	(412,678,318)
<b>Total Funds</b>	<b>3,199,187,490</b>	<b>3,150,210,333</b>
Total Borrowings	-	-
Less: Cash And Bank Balances	-165,971,326	(62,593,870)
Net Debt/(Excess Cash And Cash Equivalents)	<b>3,033,216,164</b>	<b>3,087,616,463</b>
<b>Gearing</b>	<b>95%</b>	<b>99%</b>

**28. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Fund* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Members of key Management are regarded as related parties and comprise the Chief Executive officer, Senior Managers, Board Chairman and Directors their associates and close family members.

**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 Entity, both domestic and external.

**Other related parties include:**

- i) The State Department for Micro, Small and Medium Enterprises Development
- ii) Key management.
- iii) Board of directors.



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**Related party Transactions**

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Grants /transfers from the government</b>		
Grants From National Government	351,597,500.00	474,089,300
<b>Total</b>	<b>351,597,500.00</b>	<b>474,089,300</b>

**29. Events after the Reporting Period**

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

**30. Ultimate and Holding Entity**

The Fund is a State Corporation under the Ministry of Ministry of Co-operatives and Micro, Small and Medium Enterprises Development. Its ultimate parent is the Government of Kenya.

**31. Currency**

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

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**20. Appendices**

**Appendix I: Progress on Follow up of Auditor Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe:</b>
Basis for Qualified Opinion	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.	Resolved	30 June 2024
Emphasis of matter	Going Concern of the Fund	The fund has posted a surplus in FY 2022/23. This trajectory, sustained, will guarantee the sustainability of the Fund into the foreseeable future.	Resolved	30 June 2024
Key audit matter	Budget performance	-Unbudgeted non-cash expenditure items account for the recurrent budget over-expenditure.  -Automation of disbursement will address disbursement shortfall with the	Resolved	30 June 2024

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		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.	Resolved	30 June 2024
Basis for conclusion	Doubtful Recovery of Other Exchange Debtors	The current finance and credit policy provide for a general 5% provision. The Fund is pursuing refund of the rent deposits and has since recorded good progress.	Resolved	30 June 2024
Basis for conclusion	Grounded Motor Vehicles and Motorcycles	The Fund is in the process of disposing the assets with Adhoc Disposal Committee already in place. The process is set to be finalised in the FY 2023/24.	Not Resolved	30 June 2024



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Josiah Arabu Moriasi

Chief Executive Office

Date: 26/1/2024

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**Appendix II: Projects implemented by Fund**

Projects 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)
None						

**Status of Projects completion**

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
None						

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**Appendix III: Transfers 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 ICT Innovation and Youth Affairs	17/08/2022	Recurrent	81,012,500	81,012,500	-	-	-	-	81,012,500
Ministry of ICT Innovation and Youth Affairs	09/11/2022	Recurrent	81,012,500	81,012,500	-	-	-	-	81,012,500
Ministry of ICT Innovation and Youth Affairs	24/01/2023	Recurrent	81,012,500	81,012,500	-	-	-	-	81,012,500
Ministry of ICT Innovation and Youth Affairs	28/04/2023	Recurrent	86,219	86,219	-	-	-	-	86,219
Ministry of ICT Innovation and Youth Affairs	23/12/2022	Development	43,750,000	-	43,750,000	-	-	-	43,750,000
Ministry of Cooperatives and MSMEs	14/06/2023	Development	21,500,000	21,500,000	-	-	-	-	21,500,000
Ministry of Cooperatives and MSMEs	27/06/2023	Recurrent	43,223,781	43,223,781					43,223,781
<b>Total</b>			<b>351,597,500</b>	<b>307,847,500</b>	<b>43,750,000</b>				<b>351,597,500</b>

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**Appendix IV- Inter-Entity Confirmation Letter**

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**Appendix V: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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**Appendix VI: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments



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